

City of Shoreview, Minnesota



2011

*Comprehensive Infrastructure
Replacement Plan and Policy*

City of Shoreview, Minnesota

2011 Comprehensive Infrastructure Replacement Policy and Plan

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Principal Officials

City Council:

Sandy Martin, Mayor
Blake Huffman, Councilmember
Terry Quigley, Councilmember
Ady Wickstrom, Councilmember
Ben Withhart, Councilmember

City Staff:

Terry Schwerm, City Manager
Thomas Simonson, Assistant City Manager/
Community Development Director
Jeanne Haapala, Finance Director/Treasurer
Mark Maloney, Public Works Director
Jerry Haffeman, Parks and Recreation Director

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Overview

Comprehensive Infrastructure Replacement Plan

INTRODUCTION

Planning and providing financing for capital replacement costs is a difficult challenge for governmental entities. It involves evaluating assets and their expected useful lives, projecting replacement costs, examining financing options, determining bonding levels, estimating user fees and tax levies, and evaluating the impact on property owners.

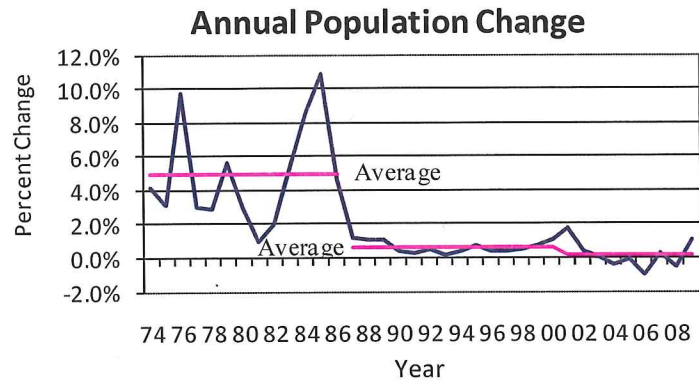
Governmental entities across the country are addressing this issue in different ways. Some governments plan for capital costs associated with repairs or replacements on an annual basis through the budget process; while others plan for replacement needs through a broader capital improvement program (CIP) that typically covers five to six years. Both of these approaches are important components of any capital planning process; but neither provides enough information about future replacement needs.

In late 1992 the Shoreview City Council adopted a Comprehensive Infrastructure Replacement Policy requiring a periodic examination of estimated replacement costs, for a minimum of 40 years, as well as the likely sources of financing for replacement costs. As such, this document contains projected replacement needs over the next fifty years, identifies revenue sources, and examines the impact on tax levies and user fees. In addition, this document contains a copy of the infrastructure replacement policy and utility operating projections covering 20 years. This overview provides a summary of our findings.

COMMUNITY PROFILE

Shoreview offers a full range of services to its 27,000 residents. The annual operating budget is \$22 million (including debt service funds and excluding transfers between funds), and of that amount the general fund budget is \$8 million. These budget levels are low in comparison to communities of similar size in the metro area and result in City property taxes and spending per capita well below the average for comparison cities. This puts additional pressure on the City to plan ahead for needed improvements in order to avoid sharp increases in taxes and user fees. In recent years the City has added or improved several major facilities including two remodeled fire stations, and a community center addition that features a fitness center, banquet facility, meeting rooms, picnic pavilion, and concessions. The community center facility draws customers from around the metro area.

From 1970 to 1986 Shoreview experienced high population growth, with an average annual change near 5% per year. Growth during these years provided substantial increases in revenues and helped the City achieve a reputation for quality community services and facilities. In more recent years the City has moved closer to full development, and population growth has slowed to an average of less than one percent per year.



The percentage of capital costs for repair and replacements is another indication of the life cycle of the City. Approximately 84 percent of capital costs in the 5-year CIP (not including the planned addition of a water treatment facility) are for repair and replacements. As such, planning for the replacement of existing infrastructure is an important part of Shoreview's long-term financial planning. Recognizing this shift in the City's life cycle, and planning for the replacement of assets is an essential part of maintaining a quality system that meets the needs of the community.

POLICY OBJECTIVES

For nearly two decades the City has incorporated the replacement of infrastructure into short and long term financial planning. This practice was formalized in 1992 through the adoption of the enclosed policy. The following discussion outlines the rationale, concept and policy objectives.

Examining future replacement needs well in advance provides important information about future capital costs, helps identify trends, and creates opportunities to develop and carefully consider different financing strategies. This process is a critical part of maintaining effective infrastructure and supports the City efforts to:

- Moderate changes in tax levies and user fees
- Manage debt levels
- Predict and carefully plan for future debt issuance
- Maintain quality services
- Provide stable tax levies and user fees
- Limit the use of special assessments to finance replacement costs

In general, sharp changes in tax levies and user fees are unacceptable to citizens, business owners, and elected officials. Since large unanticipated capital costs would likely force significant changes in these resources, Shoreview's policy emphasizes the examination of capital replacement needs on a long-term basis. This is advantageous because needed improvements are considered well in advance, which provides the option of accumulating the necessary resources to avoid or reduce the amount of bonding for capital replacement costs.

Shoreview's strict standard relating to the use of special assessments places additional limitations on financing infrastructure replacements. The City's policy limits the use of property assessments to once per improvement type. This means that property owners are asked to pay assessments for streets, water, sewer, and storm sewers only once. The belief employed by the City is that the entire community shares the responsibility for the replacement of infrastructure; therefore tax levies and user fees, rather than future special assessments, support replacement costs.

Shoreview's infrastructure replacement policy, provided as exhibit A, requires:

- Preparation of an annual Comprehensive Infrastructure Replacement Plan (CHIRP)
- Inclusion of cost estimates for a minimum of 40 years in the CHIRP document
- Disclosure of proposed financing mechanisms
- Compliance with established minimum fund balance policy as well as fund balance objectives stated in the policy
- Consideration of replacement costs when determining property tax levies and user fees
- Analysis of revenue sources used to finance capital replacements

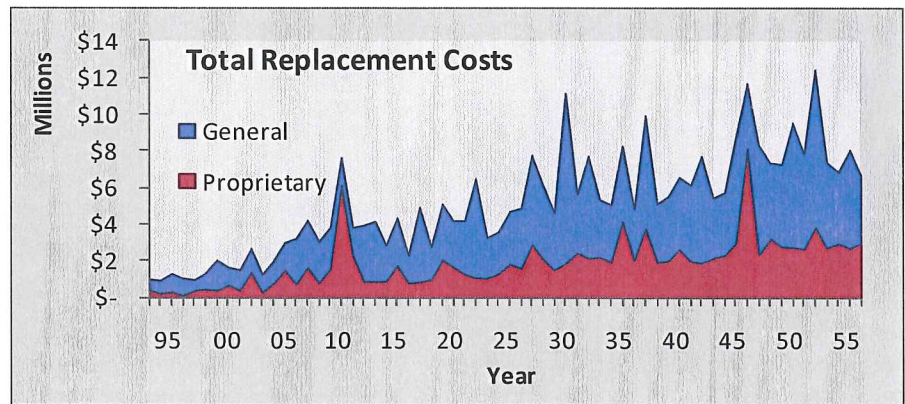
The infrastructure replacement policy identifies funding for replacement costs, provides protections against the use of resources dedicated for replacement costs, and establishes a formal process to authorize a deviation from the policy. For instance, if replacement funds are to be used for other purposes, the City Council must follow one of two procedures. It must either declare a financial emergency by at least a four-fifths vote or conduct a public hearing to declare its intent and invite public input. Notice of any such hearing must be provided to the public and included in each newspaper of general circulation throughout Shoreview at least 30 days prior to the hearing. The notice must include the amount and intended purpose of the proposed expenditure.

The policy also defines eligible replacement costs for each fund and establishes a structure for the accumulation of resources dedicated to replacement costs. Two capital project funds, four enterprise funds and one internal service fund account for capital replacement costs. These funds are described in the next section.

REPLACEMENT NEEDS

Replacement projections and the associated funding mechanisms are separated into two sections, general assets (governmental) and proprietary assets. Replacements of general assets are accounted for within two capital project revolving funds. Replacements of proprietary assets are accounted for within four enterprise funds and one internal service fund.

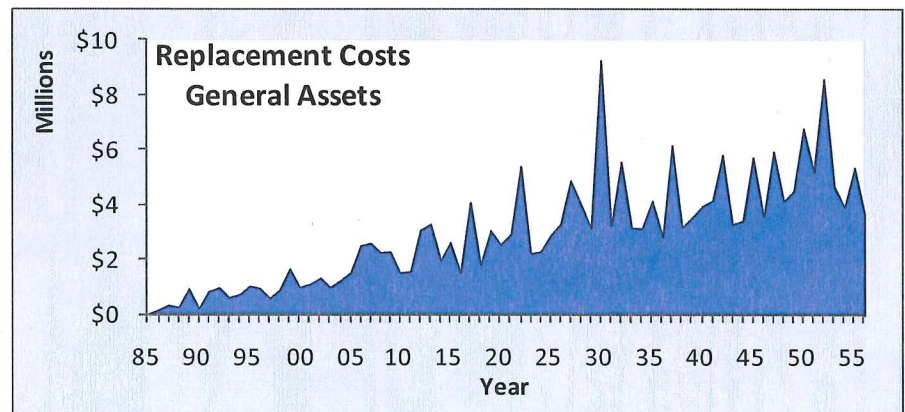
Over the next 40 years indicate that this plan provides for the replacement of \$152 million in general assets and \$87 million in proprietary assets, for a total of \$239 million in asset replacements. The graph at right shows historical and projected replacement estimates.



General Assets

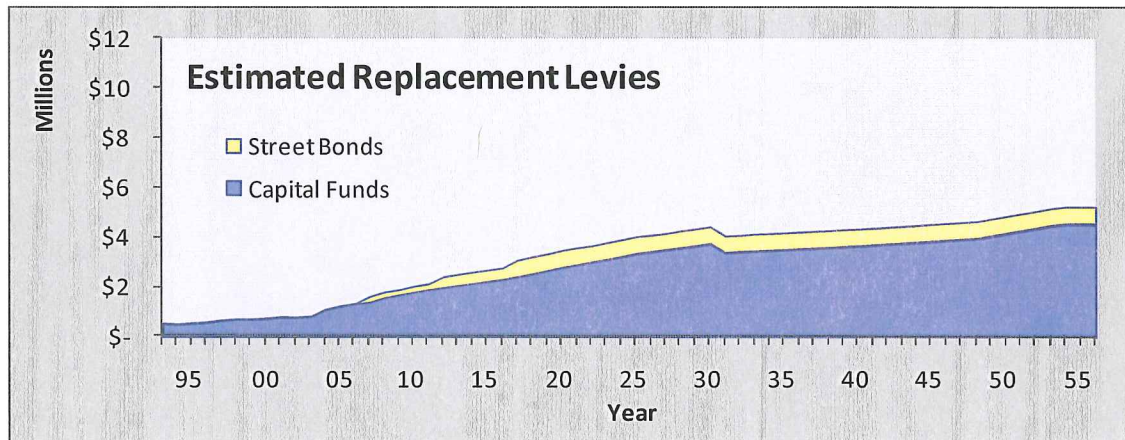
General fixed asset replacement costs (for governmental funds) are accounted for within two capital project revolving funds: the Infrastructure Reserve Fund (street renewal) and the General Fixed Asset Fund. Replacement costs include residential streets, public safety buildings, public safety equipment, city hall and community center remodeling, furnishings, mechanical systems, data processing systems, park buildings, park improvements and trails. Because expenditures for general assets are accounted for within governmental funds, depreciation of general assets is recorded at the entity-wide level only. Two capital project revolving funds account for general asset replacements, and in effect, pick up governmental fund accounting leaves off.

Projections indicate that this plan provides for the replacement of \$66 million in general assets during the first twenty years and another \$86 million in the 20 years after that. Because of the size and nature of some improvements, replacement costs vary greatly from year to year. The graph at right shows historical and projected replacement costs. Detailed replacement projections are presented later in this report.

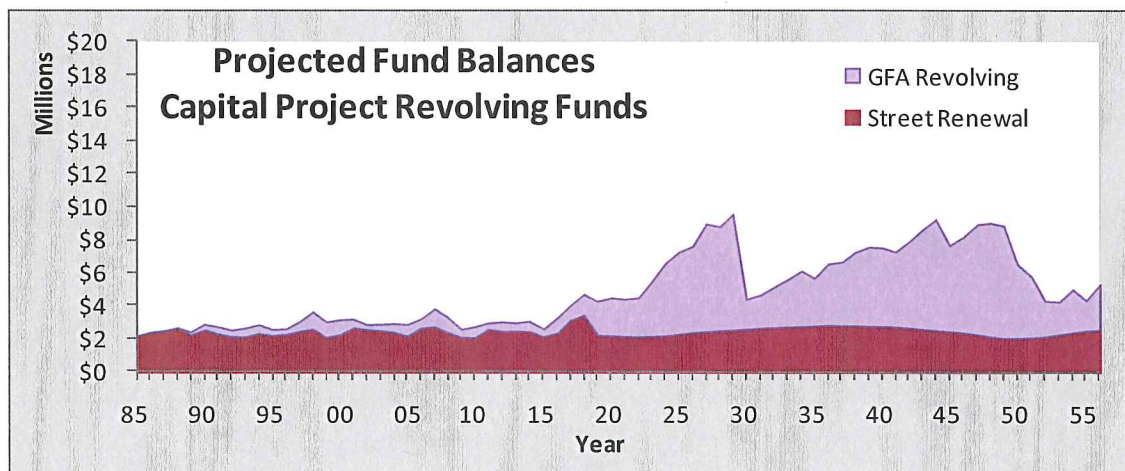


The primary sources of funds for general asset replacements include tax levies, investment interest earnings and street improvement bonds. Over the next 5 years, changes in the replacement portion of the City's levy (including the levy for street bonds) impact the total tax an average of 1.4 percent annually. After 2015, the impact on the total tax levy drops to less than one percent per year on average.

Property tax levies in recent years as well as levies anticipated to support replacement costs over the next twenty years are shown in the graph below.

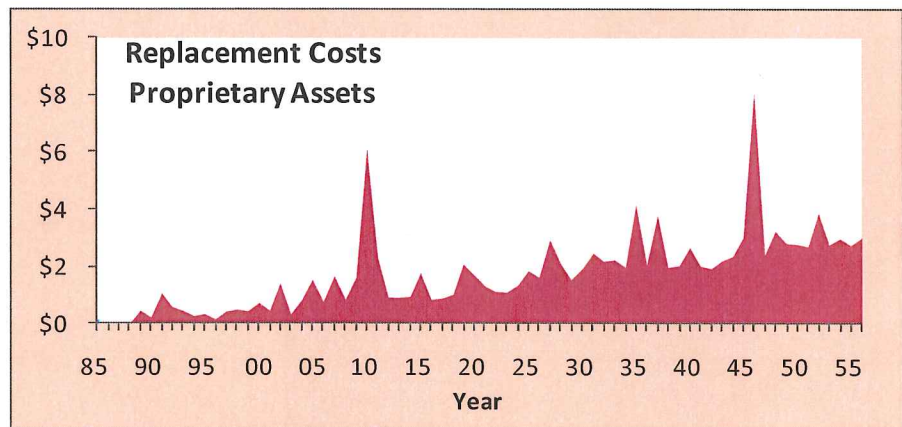


Fund balances are maintained at or above policy objectives, despite capital costs that vary dramatically from year to year, and tax levies that grow at modest rates. The graph below illustrates combined fund balances for the Infrastructure Reserve (street renewal) and General Fixed Asset Revolving Funds.



Proprietary Assets

Replacements of proprietary assets are accounted for within four enterprise funds and one internal service fund. Eligible replacement costs include all water, sewer, surface water, street lighting and central garage facilities, buildings and central equipment. Projections indicate this plan provides for the replacement of \$30 million in proprietary assets during the first twenty years and another \$57 million in the twenty-five years after that. As with general assets the size and nature of some improvements cause total replacement costs to vary greatly from year to year. The graph at right shows historical and projected replacement costs. Detailed replacement projections for all proprietary assets are presented later in this report.



The City's policy requires that once every five years the City prepare a utility study that examines operating projections, capital replacement costs, and capital additions. The combined projections must cover at least 20 years and the information must be used to analyze and recommend utility rates. As a practical matter, the City prepares these operating projections annually as part of the utility rate setting process. Occasionally, the City hires an outside consultant to complete an independent study. The last consultant-prepared study occurred in 2002. City staff prepared operating projections in this plan.

For 2011, the City is in the fourth year of a five-year program to close the gap between revenues and expenses in enterprise funds. Once these adjustments are complete, the average annual increase in utility rates will continue to be influenced by planned replacement costs. Beyond the year 2012 the projected annual change in the total utility bill is near 5 percent for the average residential customer (covering water, sewer, surface water, and street lighting). Larger adjustments occur in some years as a result of significant impacts on operations. Actual annual utility rate adjustments adopted each year may be higher or lower based on the information available and the analysis prepared at the time.

Operating projections for the central garage internal service fund, including rental charges, are also included in this plan. As stated earlier in this document, rental fees are designed to support all operating costs of the central garage facility as well as replacement of the building and central garage equipment. Projections indicate that rental fees are projected to be at or below inflation rates over the next twenty years. The projections, which are updated annually as part of the budget process, are used to set rental fees included in the budget document.

Bonded Debt

The infrastructure replacement policy provides for the use of bonding to support replacement costs. Estimated debt issuance over the next 10 years for replacement costs and the addition of a \$9 million water treatment facility, is as follows:

\$2.20	million	Water system replacements
9.00	million	Water treatment facility added
2.11	million	Sewer system replacements
2.74	million	Surface water system replacements
.83	million	Special assessment debt, added improvements
5.00	million	Street rehabilitation

SUMMARY

The City Council has, through the adoption of the infrastructure replacement policy, demonstrated their commitment to maintaining quality services and facilities. Planning for the financing of replacement costs will become even more important as assets age and deteriorate. In the future Shoreview's emphasis on long range planning will make the City more competitive for business. The City's efforts to preserve high quality services, while maintaining lower tax rates and user fees will help Shoreview remain an attractive location for area business and homeowners.

We hope Shoreview's efforts in providing for infrastructure replacement and the national recognition we continue to receive for our efforts will encourage other government jurisdictions to be innovative in planning for the future financing of government services and facilities. Fund balances, including those reserved or designated for infrastructure replacement, are under scrutiny by the State of Minnesota and cities are being challenged to run their organizations more like business. Because proprietary operations are the only funds that record depreciation expense within the fund, this infrastructure replacement plan was developed to pick up where traditional accounting leaves off.

We believe government must plan and budget beyond yearly budget cycles or periodic economic fluctuations to avoid jumping from crisis to crisis. This infrastructure replacement plan helps the City identify current and future resources needed to maintain quality facilities for the citizens of Shoreview. This in turn helps maintain reasonable tax levies and user fees, strong financial condition, moderate debt levels, and high bond ratings in the future.

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COMPREHENSIVE INFRASTRUCTURE REPLACEMENT POLICY
Summary of Policy Requirements and Provisions
Policy Adopted November 16, 1992, Resolution #92-184
and Revised October 21, 1996, Resolution #96-119

OBJECTIVES:

- Create a permanent program to finance infrastructure replacements.
- Moderate changes in the tax levies and user fees caused by replacement costs.
- Carefully plan for new debt.
- Avoid assessing property owners twice for improvements.

REQUIREMENTS APPLYING TO ALL REPLACEMENT FUNDS:

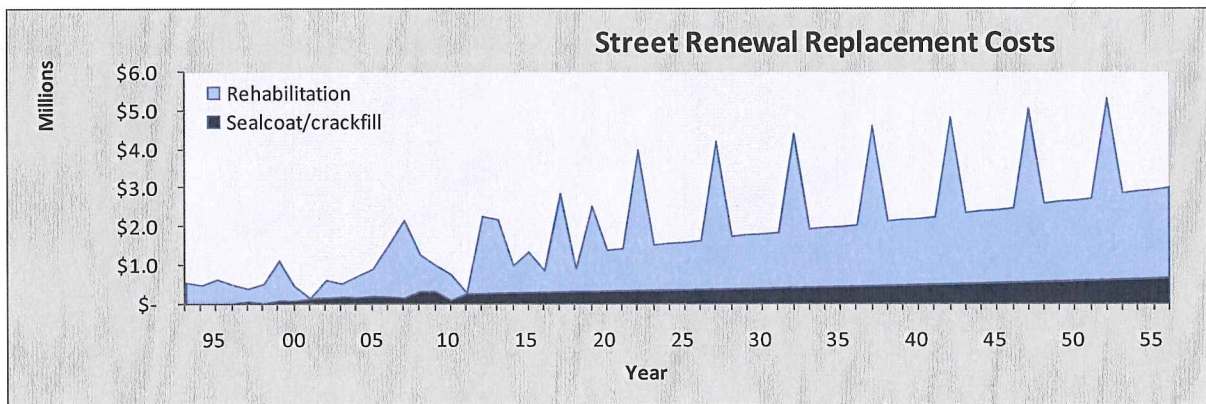
- Investment interest remains in the fund.
- Interfund loans are subject to Council approval and must be repaid with interest.

Description	General Assets		Proprietary Assets			
	Infrastructure Reserve (Street Renewal)	General Fixed Asset Revolving	Enterprise Assets		Surface Water	Internal Service Assets Central Garage
			Water	Sewer		
Replacement projections	40 years	40 years	40 years	40 years	40 years	40 years
New improvement projections	Not applicable	Not applicable	10 years	10 years	10 years	10 years
Operating projections	40 years	40 years	20 years	20 years	20 years	20 years
Source of revenue	Property taxes Investment interest Other future revenues	Property taxes Investment interest Other future revenues	User fees Investment interest Area charges All other revenues	User fees Investment interest Area charges All other revenues	User fees Investment interest All other revenues	Rental fees Investment interest All other revenues
Eligible expenditures	Street reconstruction Street resurfacing Sealcoating Crack filling	Public safety equipment, public safety buildings, street lights, city hall building, furnishings and mechanical systems, data processing system, park buildings and improvements and trails	Water systems and other water fund assets	Sewer systems and other sewer fund assets	Surface water systems and other surface water fund assets	Central garage equipment, buildings and other central garage fund assets
Minimum fund or cash balance			One million dollar minimum cash balance. Desired cash balance over two million dollars.	One million dollar minimum cash balance. Desired cash balance over two million dollars.		
Minimum operating/capital/debt coverage	Two million dollars	None	8 months	6 months	None	Half of operating costs
Debt restrictions	2-3 years	1 year	No restrictions	No restrictions	6 months	4 months
	Declare replacement monies as source of funding when bonds are authorized and/or Council approves transfers to the debt fund.				No restrictions	Equipment certificates allowed, however current resources are preferred
Procedure required to deviate from definition of eligible costs	4/5 vote of City Council or public notice and public hearing		Not applicable	Not applicable	Not applicable	Not applicable

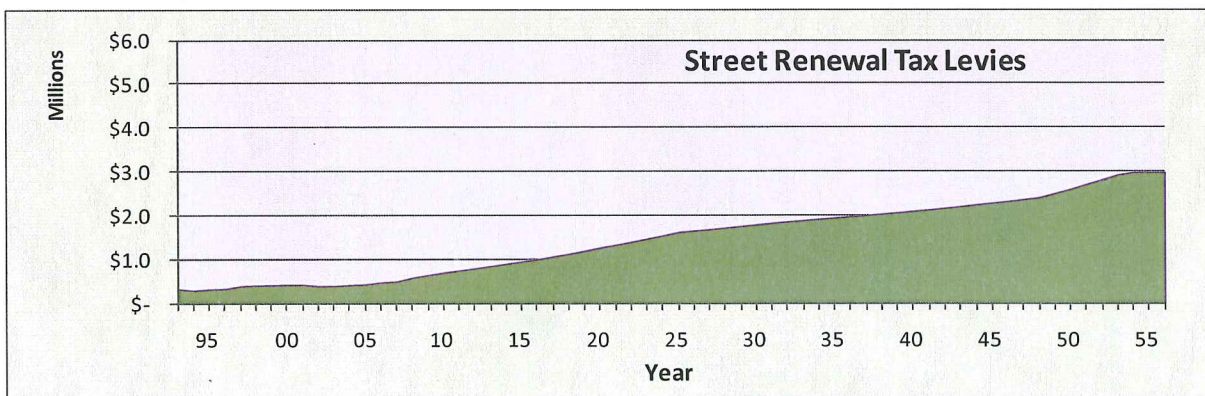
STREET RENEWAL FUND

The City's Street Renewal Fund is an ongoing capital fund used to manage, finance and implement street rehabilitation efforts. This capital project fund was created in 1985 with an initial contribution of two million dollars, derived from bond defeasance savings. Eligible costs include: street reconstruction, resurfacing (mill and overlay), seal coating and crack filling.

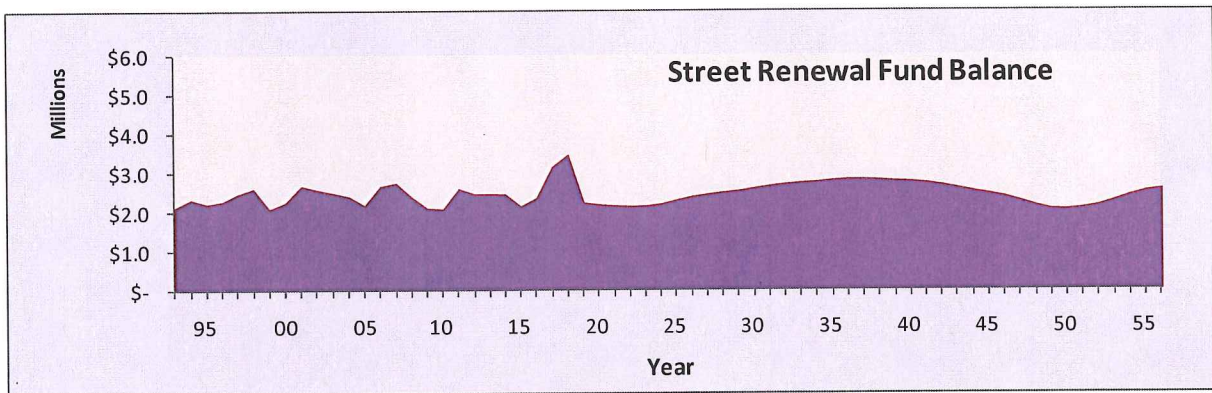
Over the next twenty years the Street Renewal Fund will provide for approximately \$37 million in street renewal efforts. The first graph below illustrates historical and anticipated replacement costs. Spikes in cost every 5 years are for street rehabilitation costs financed through street bonds.



Annual property tax levies, interest earnings and street bonds are the primary revenue sources for street rehabilitation and street replacement costs. The initial two million dollar contribution to create the fund is maintained as a minimum fund balance so that an ongoing revenue stream from investment earnings will be available to support costs. Taxing levels for the street renewal portion of the replacement program are established to provide a predictable revenue stream with moderate increases in this portion of the tax levy, so that resources are available to support rehabilitation efforts when they are needed.



Despite rehabilitation needs that continue to increase in the future, moderate increases in the Street Renewal portion of the annual tax levy provide sufficient annual revenues to support replacement costs, and maintain fund balances at or above minimum requirements. The graph below shows historical and projected Street Renewal fund balances.



Operating Summary
Infrastructure Reserve Fund (Street Renewal)

Year	Revenues			Costs Financed by Street Bonds	Total Replacement Costs	Fund Balance
	Tax Levy	Interest Earnings	Special Assessments			
2010	\$ 700,000	\$ 31,100	\$ 7,277	\$ -	\$ 758,400	\$ 2,055,724
2011	750,000	41,100	7,277		284,200	2,569,901
2012	800,000	64,200	7,277	1,250,000	2,254,400	2,436,978
2013	850,000	73,100	7,277	1,250,000	2,177,000	2,440,355
2014	900,000	73,200	7,277		991,400	2,429,432
2015	950,000	72,900	7,277		1,341,000	2,118,609
2016	1,005,000	63,600	7,277		861,900	2,332,586
2017	1,065,000	70,000	7,277	2,500,000	2,852,000	3,122,863
2018	1,129,000	93,700	7,277		918,200	3,434,640
2019	1,197,000	103,000			2,524,500	2,210,140
2020	1,269,000	66,300			1,386,000	2,159,440
2021	1,332,000	64,800			1,423,600	2,132,640
2022	1,399,000	64,000		2,500,000	3,979,300	2,116,340
2023	1,469,000	63,500			1,519,100	2,129,740
2024	1,542,000	63,900			1,560,100	2,175,540
2025	1,619,000	65,300			1,587,300	2,272,540
2026	1,651,000	68,200			1,630,500	2,361,240
2027	1,684,000	70,800		2,500,000	4,194,000	2,422,040
2028	1,718,000	72,700			1,739,500	2,473,240
2029	1,752,000	74,200			1,786,300	2,513,140
2030	1,787,000	75,400			1,802,100	2,573,440
2031	1,823,000	77,200			1,837,200	2,636,440
2032	1,859,000	79,100		2,500,000	4,394,400	2,680,140
2033	1,887,000	80,400			1,931,700	2,715,840
2034	1,915,000	81,500			1,969,200	2,743,140
2035	1,944,000	82,300			1,988,900	2,780,540
2036	1,973,000	83,400			2,027,800	2,809,140
2037	2,003,000	84,300		2,500,000	4,590,900	2,805,540
2038	2,033,000	84,200		-	2,132,100	2,790,640
2039	2,063,000	83,700		-	2,173,500	2,763,840
2040	2,094,000	82,900		-	2,193,100	2,747,640
2041	2,125,000	82,400		-	2,235,900	2,719,140
2042	2,162,000	81,600		2,500,000	4,804,900	2,657,840
2043	2,200,000	79,700		-	2,350,100	2,587,440
2044	2,239,000	77,600		-	2,396,500	2,507,540
2045	2,278,000	75,200		-	2,420,100	2,440,640
2046	2,318,000	73,200		-	2,467,900	2,363,940
2047	2,359,000	70,900		2,500,000	5,043,900	2,249,940
2048	2,400,000	67,500		-	2,593,200	2,124,240
2049	2,496,000	63,700		-	2,643,600	2,040,340
2050	2,596,000	61,200		-	2,668,300	2,029,240
2051	2,700,000	60,900		-	2,721,300	2,068,840
2052	2,808,000	62,100		2,500,000	5,304,400	2,134,540
2053	2,920,000	64,000		-	2,858,900	2,259,640
2054	2,978,000	67,800		-	2,914,500	2,390,940
2055	2,978,000	71,700		-	2,944,400	2,496,240
2056	2,978,000	74,900		-	3,002,600	2,546,540

Estimated Street Replacement Costs
Infrastructure Reserve Fund (Street Renewal)

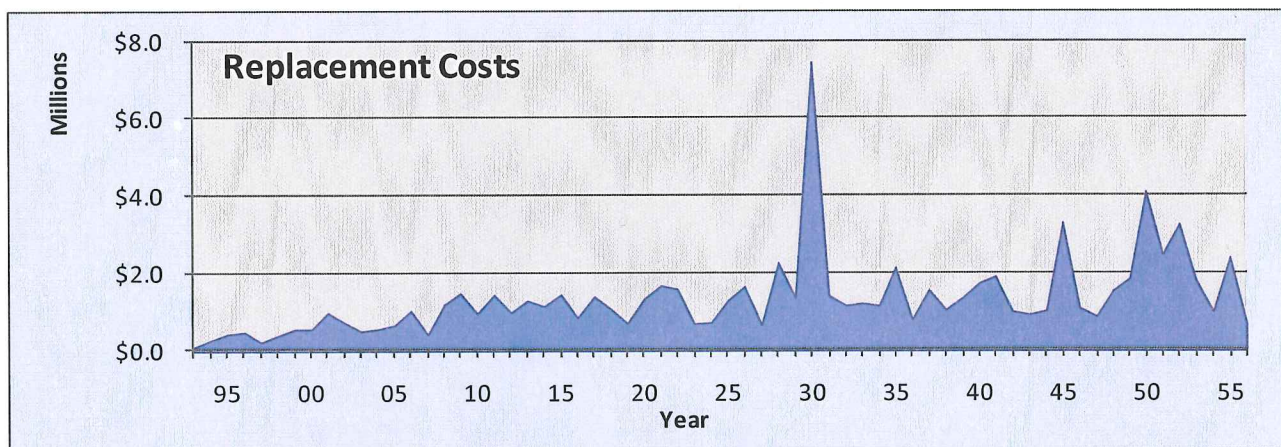
Year	Miles	Street Condition Survey	Maintenance		Seal Coat	Rehabilitation and Reconstruction		Total Replacement Costs
			Equip Charges	Crack Fill Supplies		Street Bonds	Street Renewal	
2010	87.6	\$ -	\$ 9,000	\$ 10,000	\$ 87,600	\$ -	\$ 651,800	\$ 758,400
2011	87.6		9,000	10,000	265,200	-	-	284,200
2012	88.6	13,000	9,000	10,000	265,400	1,250,000	707,000	2,254,400
2013	88.6	13,000	9,000	10,000	277,000	1,250,000	618,000	2,177,000
2014	88.6	13,000	9,000	10,000	288,400		671,000	991,400
2015	88.6		11,000	10,000	296,500		1,023,500	1,341,000
2016	88.6		16,500	10,000	304,400		531,000	861,900
2017	88.6	15,000	16,500	10,000	310,500	2,500,000		2,852,000
2018	88.6	15,000	16,500	10,000	316,700		560,000	918,200
2019	88.6	15,000	16,500	10,000	323,000		2,160,000	2,524,500
2020	88.6		16,500	10,000	329,500		1,030,000	1,386,000
2021	88.6		16,500	10,000	336,100		1,061,000	1,423,600
2022	88.6	17,000	16,500	10,000	342,800	2,500,000	1,093,000	3,979,300
2023	88.6	17,000	16,500	10,000	349,600		1,126,000	1,519,100
2024	88.6	17,000	16,500	10,000	356,600		1,160,000	1,560,100
2025	88.6		18,500	10,000	363,800		1,195,000	1,587,300
2026	88.6		18,500	10,000	371,000		1,231,000	1,630,500
2027	88.6	19,000	18,500	10,000	378,500	2,500,000	1,268,000	4,194,000
2028	88.6	19,000	18,500	10,000	386,000		1,306,000	1,739,500
2029	88.6	19,000	18,500	10,000	393,800		1,345,000	1,786,300
2030	88.6		18,500	10,000	401,600		1,372,000	1,802,100
2031	88.6		18,500	10,000	409,700		1,399,000	1,837,200
2032	88.6	21,000	18,500	10,000	417,900	2,500,000	1,427,000	4,394,400
2033	88.6	21,000	18,500	10,000	426,200		1,456,000	1,931,700
2034	88.6	21,000	18,500	10,000	434,700		1,485,000	1,969,200
2035	88.6		20,500	10,000	443,400		1,515,000	1,988,900
2036	88.6		20,500	10,000	452,300		1,545,000	2,027,800
2037	88.6	23,000	20,500	10,000	461,400	2,500,000	1,576,000	4,590,900
2038	88.6	23,000	20,500	10,000	470,600		1,608,000	2,132,100
2039	88.6	23,000	20,500	10,000	480,000		1,640,000	2,173,500
2040	88.6		20,500	10,000	489,600		1,673,000	2,193,100
2041	88.6		20,500	10,000	499,400		1,706,000	2,235,900
2042	88.6	25,000	20,500	10,000	509,400	2,500,000	1,740,000	4,804,900
2043	88.6	25,000	20,500	10,000	519,600		1,775,000	2,350,100
2044	88.6	25,000	20,500	10,000	530,000		1,811,000	2,396,500
2045	88.6		22,500	10,000	540,600		1,847,000	2,420,100
2046	88.6		22,500	10,000	551,400		1,884,000	2,467,900
2047	88.6	27,000	22,500	10,000	562,400	2,500,000	1,922,000	5,043,900
2048	88.6	27,000	22,500	10,000	573,700		1,960,000	2,593,200
2049	88.6	27,000	22,500	10,000	585,100		1,999,000	2,643,600
2050	88.6		22,500	10,000	596,800		2,039,000	2,668,300
2051	88.6		22,500	10,000	608,800		2,080,000	2,721,300
2052	88.6	29,000	22,500	10,000	620,900	2,500,000	2,122,000	5,304,400
2053	88.6	29,000	22,500	10,000	633,400		2,164,000	2,858,900
2054	88.6	29,000	22,500	10,000	646,000		2,207,000	2,914,500
2055	88.6		24,500	10,000	658,900		2,251,000	2,944,400
2056	88.6		24,500	10,000	672,100		2,296,000	3,002,600

GENERAL FIXED ASSET REPLACEMENT FUND

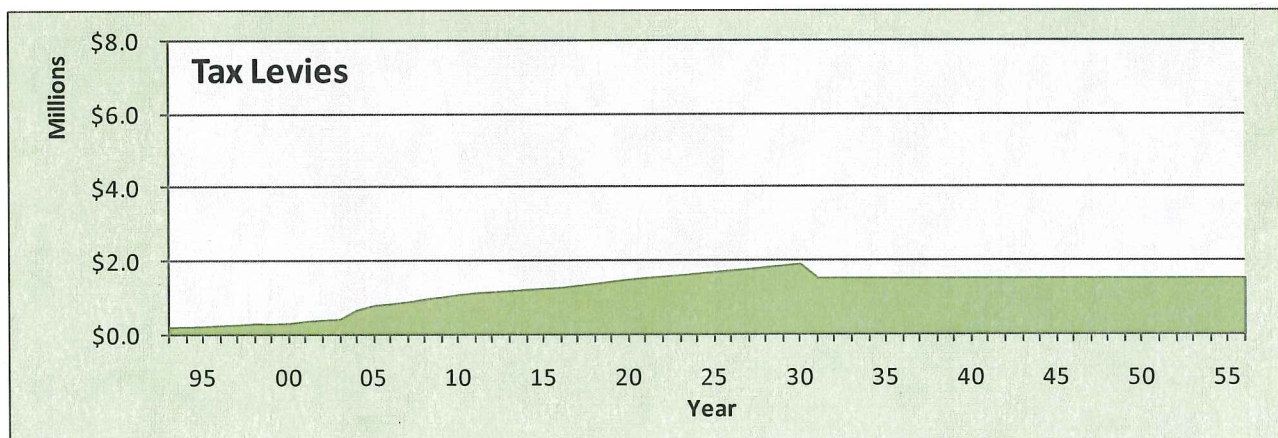
The General Fixed Asset Replacement (GFAR) Fund, created in 1989, finances the replacement of all general fixed assets including fire stations, fire equipment and warning sirens; street signs; community center and city hall buildings and furnishings; building mechanical systems; computer hardware and software; park buildings and improvements; and trails and pathways.

Annual tax levies and investment income, earned on accumulated balances, are designed to cover annual capital replacement costs as well as to build sufficient fund balances for major replacement costs in the future. This approach enables the City to gradually increase tax levies to accumulate fund balances needed to support replacement costs, and helps avoid the issuance of large amounts of debt to finance most replacement needs. The city may choose, in the future, to issue debt for replacement costs such as building replacements because of cash flow benefits.

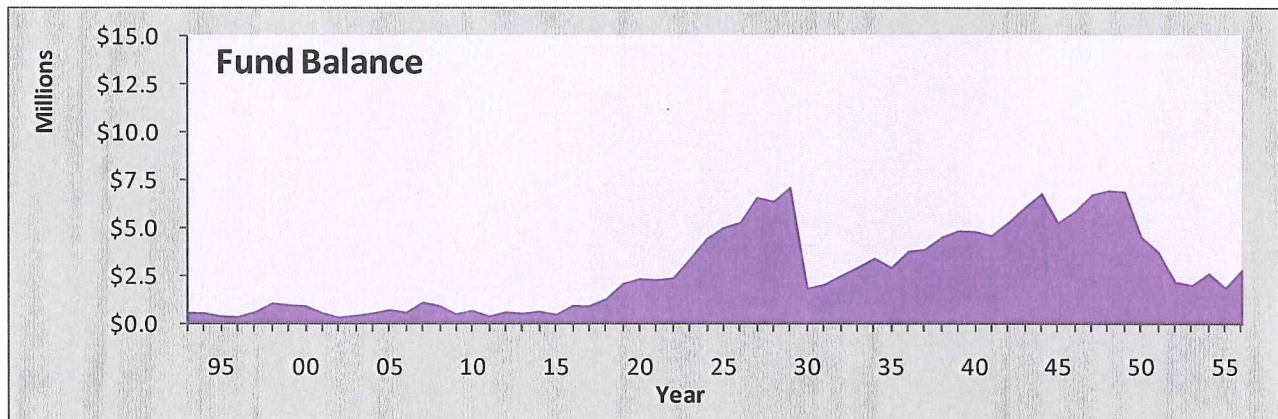
Over the next twenty years the GFAR fund will provide for approximately \$29 million in general fixed asset replacements, and will provide an additional \$2 million for debt service payments on general asset replacements. The first graph below illustrates historical and anticipated replacement costs.



Despite replacement costs that rise and fall sharply, the growth in the GFAR portion of the tax levy is predictable and stable. The next graph (below) illustrates the historical and future GFAR tax levies.



These taxing levels provide a predictable revenue stream with moderate increases in this portion of the tax levy. As shown below, despite varying needs for capital replacements, and slow and predictable growth in the GFAR portion of the tax levy, the City is able to support projected replacement costs and increase the fund balance to a level that will improve the City's flexibility with regard to the timing of replacements.



Because projected capital costs are less certain further into the future, it is likely that long-term fund balance projections will be lower.

Operating Summary
General Fixed Asset Replacement Fund

Year	Revenues			Expenditures		Fund Balance
	Tax Levy	Other, Refunds & Transfers In	Interest Earnings	Estimated Replacement Costs	Transfers Out	
2010	\$ 1,100,000	\$ 35,000	\$ 8,000	\$ 755,066	\$ 206,000	\$ 663,522
2011	1,150,000		10,000	1,266,467	180,000	377,055
2012	1,180,000		12,000	808,245	180,000	580,810
2013	1,210,000		16,000	1,107,568	180,000	519,242
2014	1,240,000		16,000	970,915	180,000	624,327
2015	1,270,000		19,000	1,271,806	180,000	461,521
2016	1,300,000		16,000	669,446	180,000	928,075
2017	1,352,000		28,000	1,215,428	180,000	912,647
2018	1,406,100		29,000	896,728	180,000	1,271,019
2019	1,462,300		41,000	522,219	180,000	2,072,100
2020	1,520,800		63,000	1,151,510	180,000	2,324,390
2021	1,558,800		70,000	1,492,354	180,000	2,280,836
2022	1,597,800		69,000	1,403,400	180,000	2,364,236
2023	1,637,700		74,000	693,700	-	3,382,236
2024	1,678,600		104,000	719,617	-	4,445,219
2025	1,720,600		135,000	1,281,500	-	5,019,319
2026	1,763,600		151,000	1,648,100	-	5,285,819
2027	1,807,700		162,000	662,500	-	6,593,019
2028	1,852,900		197,000	2,260,300	-	6,382,619
2029	1,899,200		193,000	1,360,100	-	7,114,719
2030	1,946,700		197,000	7,432,700	-	1,825,719
2031	1,557,400		55,000	1,411,495	-	2,026,624
2032	1,557,400		62,000	1,157,000	-	2,489,024
2033	1,557,400		76,000	1,210,000	-	2,912,424
2034	1,557,400		89,000	1,153,600	-	3,405,224
2035	1,557,400		100,000	2,136,900	-	2,925,724
2036	1,557,400		90,000	806,300	-	3,766,824
2037	1,557,400		113,000	1,560,204	-	3,877,020
2038	1,557,400		118,000	1,049,191	-	4,503,229
2039	1,557,400		136,000	1,355,700	-	4,840,929
2040	1,557,400		145,000	1,733,100	-	4,810,229
2041	1,557,400		143,000	1,910,000	-	4,600,629
2042	1,557,400		140,000	1,007,600	-	5,290,429
2043	1,557,400		161,000	926,800	-	6,082,029
2044	1,557,400		184,000	1,022,600	-	6,800,829
2045	1,557,400		199,000	3,291,279	-	5,265,950
2046	1,557,400		159,000	1,099,500	-	5,882,850
2047	1,557,400		179,000	877,800	-	6,741,450
2048	1,557,400		202,000	1,539,500	-	6,961,350
2049	1,557,400		208,000	1,843,500	-	6,883,250
2050	1,557,400		199,000	4,094,900	-	4,544,750
2051	1,557,400		134,000	2,475,000	-	3,761,150
2052	1,557,400		108,000	3,253,974	-	2,172,576
2053	1,557,400		64,000	1,787,400	-	2,006,576
2054	1,557,400		62,000	997,200	-	2,628,776
2055	1,557,400		76,000	2,392,000	-	1,870,176
2056	1,557,400		59,000	677,200	-	2,809,376

Summary of Replacement Costs
General Fixed Asset Replacement Fund

Year	Estimated Replacements							Transfer Out to Debt Funds
	Fire Stations & Equip	Warning Sirens	Info. Systems	Municipal Buildings	Park Facilities	Trails & Pathways	Total Costs	
2010	\$ 170,408	\$ -	\$ 140,115	\$ 323,193	\$ 51,350	\$ 70,000	\$ 755,066	\$ 206,000
2011	149,667	10,000	189,400	729,000	118,400	70,000	1,266,467	180,000
2012	350,345	22,500	112,000	193,000	38,400	92,000	808,245	180,000
2013	334,068	22,500	119,000	279,000	280,000	73,000	1,107,568	180,000
2014	251,715	15,000	117,500	270,000	176,700	140,000	970,915	180,000
2015	13,706	15,000	135,000	611,000	323,100	174,000	1,271,806	180,000
2016	83,346	-	125,500	110,000	269,000	81,600	669,446	180,000
2017	510,828	-	164,000	345,000	112,400	83,200	1,215,428	180,000
2018	61,428	-	117,000	250,400	383,000	84,900	896,728	180,000
2019	32,619	-	99,000	165,000	139,000	86,600	522,219	180,000
2020	113,210	20,000	104,000	456,000	370,000	88,300	1,151,510	180,000
2021	620,254	-	112,000	542,000	128,000	90,100	1,492,354	180,000
2022	460,500	21,000	104,000	362,000	264,000	191,900	1,403,400	180,000
2023	40,000	-	99,000	337,000	124,000	93,700	693,700	
2024	32,217	22,000	117,000	279,000	173,800	95,600	719,617	
2025	40,000	23,000	99,000	880,000	142,000	97,500	1,281,500	
2026	1,073,600	-	104,000	253,000	118,000	99,500	1,648,100	
2027	47,000	-	177,000	237,000	100,000	101,500	662,500	
2028	1,423,800	-	104,000	396,000	233,000	103,500	2,260,300	
2029	287,500	-	465,000	415,000	87,000	105,600	1,360,100	
2030	28,000	-	117,000	6,731,000	324,000	232,700	7,432,700	
2031	295,295	-	99,000	753,200	154,100	109,900	1,411,495	
2032	451,900	-	104,000	371,000	118,000	112,100	1,157,000	
2033	108,000	84,000	112,000	546,700	245,000	114,300	1,210,000	
2034	30,000	-	104,000	653,000	250,000	116,600	1,153,600	
2035	1,178,000	-	99,000	398,000	343,000	118,900	2,136,900	
2036	98,000	30,000	117,000	340,000	100,000	121,300	806,300	
2037	787,504	-	164,000	370,000	115,000	123,700	1,560,204	
2038	39,391	-	104,000	522,000	117,600	266,200	1,049,191	
2039	140,000	-	112,000	745,000	230,000	128,700	1,355,700	
2040	89,800	-	104,000	962,000	446,000	131,300	1,733,100	
2041	852,500	-	99,000	724,600	100,000	133,900	1,910,000	
2042	34,000	35,000	117,000	378,000	307,000	136,600	1,007,600	
2043	51,000	-	99,000	465,500	172,000	139,300	926,800	
2044	257,500	-	104,000	220,000	299,000	142,100	1,022,600	
2045	323,179	37,000	112,000	1,976,000	524,200	318,900	3,291,279	
2046	337,700	-	104,000	385,000	125,000	147,800	1,099,500	
2047	162,000	39,000	164,000	297,000	65,000	150,800	877,800	
2048	486,800	-	117,000	408,900	373,000	153,800	1,539,500	
2049	148,000	41,000	546,000	705,000	246,600	156,900	1,843,500	
2050	117,900	42,000	104,000	3,200,000	471,000	160,000	4,094,900	
2051	1,690,800	-	112,000	287,000	222,000	163,200	2,475,000	
2052	1,363,274	-	104,000	1,133,000	297,200	356,500	3,253,974	
2053	164,900	-	99,000	701,700	652,000	169,800	1,787,400	
2054	40,000	-	117,000	317,000	350,000	173,200	997,200	
2055	823,300	-	99,000	901,000	392,000	176,700	2,392,000	
2056	41,000	-	104,000	252,000	100,000	180,200	677,200	

Detailed Replacement Costs
General Fixed Asset Replacement Fund
Fire Equipment, Vehicles and Stations

Year	Estimated Replacement Costs							Total Fire Equipment & Buildings
	Buildings			Breathing Apparatus	Radio System	Other Equipment	Vehicles	
	Buildings	Parking/Driveways						
		Station #3	Station #4					
2010	\$ 36,920	\$ -	\$ 23,280	\$ -	\$ -	\$ 15,074	\$ 95,134	\$ 170,408
2011	14,841					16,412	118,414	149,667
2012	37,830					5,500	307,015	350,345
2013	195,843	47,724				11,931	78,570	334,068
2014	8,730			192,060		2,037	48,888	251,715
2015	11,640					2,066		13,706
2016	58,000					25,346		83,346
2017	50,000	3,958					456,870	510,828
2018	30,000						31,428	61,428
2019	30,000					2,619		32,619
2020	23,000						90,210	113,210
2021	40,000						580,254	620,254
2022	24,000						436,500	460,500
2023	40,000							40,000
2024	25,000	4,889				2,328		32,217
2025	40,000							40,000
2026	26,000						1,047,600	1,073,600
2027	40,000					7,000		47,000
2028	27,000						1,396,800	1,423,800
2029	40,000				75,000	8,000	164,500	287,500
2030	28,000							28,000
2031	40,000	5,995		241,300		8,000		295,295
2032	29,000						422,900	451,900
2033	40,000					9,000	59,000	108,000
2034	30,000							30,000
2035	40,000					9,000	1,129,000	1,178,000
2036	31,000						67,000	98,000
2037	40,000	100,104				10,000	637,400	787,504
2038	32,000	7,391						39,391
2039	40,000			90,000		10,000		140,000
2040	33,000						56,800	89,800
2041	40,000					11,000	801,500	852,500
2042	34,000							34,000
2043	40,000					11,000		51,000
2044	35,000						222,500	257,500
2045	40,000	9,079	174,600			12,000	87,500	323,179
2046	36,000			301,700				337,700
2047	40,000				110,000	12,000		162,000
2048	37,000						449,800	486,800
2049	40,000					13,000	95,000	148,000
2050	38,000						79,900	117,900
2051	40,000			110,000		13,000	1,527,800	1,690,800
2052	39,000	11,174					1,313,100	1,363,274
2053	40,000					14,000	110,900	164,900
2054	40,000							40,000
2055	40,000					14,000	769,300	823,300
2056	41,000							41,000

Detailed Replacement Costs
General Fixed Asset Replacement Fund
Warning Sirens

By Siren Number and Location												
	#1	#2	#3	#4	#5	#6	#7	#8	LC	VH		Total
	Maint	Sherwd	Lake	Victoria	Turtle	Well	Rice Crk	Shamrock	50% of cost		Radio	Siren
Year	Center	Road	Judy	& 694	Lake School	#6	Park/ Pkvw Dr	Park	Rice & Country Dr	Rice & Snl Lk Rd	Controls	Costs
2010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2011											10,000	10,000
2012				15,000					7,500			22,500
2013					15,000					7,500		22,500
2014			15,000									15,000
2015		15,000										15,000
2016												-
2017												-
2018												-
2019												-
2020								20,000				20,000
2021												-
2022						21,000						21,000
2023												-
2024	22,000											22,000
2025							23,000					23,000
2033				28,000	28,000				14,000	14,000		84,000
2036			30,000									30,000
2042		35,000										35,000
2045								37,000				37,000
2047						39,000						39,000
2049	41,000											41,000
2050							42,000					42,000

Detailed Replacement Costs
General Fixed Asset Replacement Fund
Information Systems

Year	Hardware Replacements/Upgrades				Software Repl.		Other Costs	Estimated Replacement Cost
	PCs	Printers	File Servers	Other	Finance	Other		
2010	\$ 22,000	\$ 2,150	\$ -	\$ 26,000	\$ 69,200	\$ 20,765		\$ 140,115
2011	22,000	2,000	20,000	78,500	32,100	34,800		189,400
2012	20,000	21,000	23,000	22,000	-	26,000		112,000
2013	25,000	10,000	25,000	22,000	-	37,000		119,000
2014	20,000	2,000	21,000	16,000	52,500	6,000		117,500
2015	20,000	5,000	32,000	56,000	-	22,000		135,000
2016	20,000	5,000	33,000	30,000	32,500	5,000		125,500
2017	37,000	12,000	25,000	10,000		80,000		164,000
2018	37,000	25,000	30,000	10,000		15,000		117,000
2019	37,000	12,000	25,000	10,000		15,000		99,000
2020	37,000	12,000	30,000	10,000		15,000		104,000
2021	37,000	25,000	25,000	10,000		15,000		112,000
2022	37,000	12,000	30,000	10,000		15,000		104,000
2023	37,000	12,000	25,000	10,000		15,000		99,000
2024	37,000	25,000	30,000	10,000		15,000		117,000
2025	37,000	12,000	25,000	10,000		15,000		99,000
2026	37,000	12,000	30,000	10,000		15,000		104,000
2027	37,000	25,000	25,000	10,000		80,000		177,000
2028	37,000	12,000	30,000	10,000		15,000		104,000
2029	37,000	12,000	25,000	10,000	366,000	15,000		465,000
2030	37,000	25,000	30,000	10,000		15,000		117,000
2031	37,000	12,000	25,000	10,000		15,000		99,000
2032	37,000	12,000	30,000	10,000		15,000		104,000
2033	37,000	25,000	25,000	10,000		15,000		112,000
2034	37,000	12,000	30,000	10,000		15,000		104,000
2035	37,000	12,000	25,000	10,000		15,000		99,000
2036	37,000	25,000	30,000	10,000		15,000		117,000
2037	37,000	12,000	25,000	10,000		80,000		164,000
2038	37,000	12,000	30,000	10,000		15,000		104,000
2039	37,000	25,000	25,000	10,000		15,000		112,000
2040	37,000	12,000	30,000	10,000		15,000		104,000
2041	37,000	12,000	25,000	10,000		15,000		99,000
2042	37,000	25,000	30,000	10,000		15,000		117,000
2043	37,000	12,000	25,000	10,000		15,000		99,000
2044	37,000	12,000	30,000	10,000		15,000		104,000
2045	37,000	25,000	25,000	10,000		15,000		112,000
2046	37,000	12,000	30,000	10,000		15,000		104,000
2047	37,000	12,000	25,000	10,000		80,000		164,000
2048	37,000	25,000	30,000	10,000		15,000		117,000
2049	37,000	12,000	25,000	10,000	447,000	15,000		546,000
2050	37,000	12,000	30,000	10,000		15,000		104,000
2051	37,000	25,000	25,000	10,000		15,000		112,000
2052	37,000	12,000	30,000	10,000		15,000		104,000
2053	37,000	12,000	25,000	10,000		15,000		99,000
2054	37,000	25,000	30,000	10,000		15,000		117,000
2055	37,000	12,000	25,000	10,000		15,000		99,000
2056	37,000	12,000	30,000	10,000		15,000		104,000

Detailed Replacement Cos
General Fixed Asset Repla
Municipal Buildings (city hall and community center)

Year	Mechanicals, Roof & Misc Exterior	Carpet	Banquet Rooms	Pool Equipment, Water Treatment, Stairs & Features	Equipment	Other Miscellaneous Allowance	Total Building Replacement Costs
2010	\$ 62,700	\$ 48,856	\$ -	\$ 64,976	\$ 121,661	\$ 25,000	\$ 323,193
2011	325,000	-	24,000	127,000	115,000	138,000	729,000
2012	-	-	-	178,000	15,000	-	193,000
2013	-	40,000	15,000	109,000	115,000	-	279,000
2014	-	90,000	90,000	-	15,000	75,000	270,000
2015	460,000	-	-	-	70,000	81,000	611,000
2016	-	-	15,000	-	15,000	80,000	110,000
2017	-	48,000	102,000	45,000	65,000	85,000	345,000
2018	-	52,000	-	88,400	25,000	85,000	250,400
2019	-	-	15,000	45,000	15,000	90,000	165,000
2020	-	45,000	106,000	-	15,000	290,000	456,000
2021	-	85,000	40,000	39,000	70,000	308,000	542,000
2022	-	-	15,000	235,000	17,000	95,000	362,000
2023	-	-	-	160,000	27,000	150,000	337,000
2024	-	52,000	60,000	-	17,000	150,000	279,000
2025	550,000	-	15,000	20,000	75,000	220,000	880,000
2026	-	-	-	-	98,000	155,000	253,000
2027	-	50,000	-	10,000	17,000	160,000	237,000
2028	-	144,000	15,000	50,000	27,000	160,000	396,000
2029	-	-	50,000	120,000	80,000	165,000	415,000
2030	281,000	-	142,000	126,000	17,000	6,165,000	6,731,000
2031	-	56,000	129,000	106,000	247,000	215,200	753,200
2032	-	-	-	184,000	17,000	170,000	371,000
2033	-	-	-	276,700	95,000	175,000	546,700
2034	300,000	55,000	15,000	88,000	20,000	175,000	653,000
2035	-	95,000	-	20,000	20,000	263,000	398,000
2036	-	-	-	-	160,000	180,000	340,000
2037	-	-	75,000	20,000	90,000	185,000	370,000
2038	-	116,000	75,000	-	146,000	185,000	522,000
2039	525,000	-	-	10,000	20,000	190,000	745,000
2040	-	-	206,000	316,000	250,000	190,000	962,000
2041	-	60,000	-	95,000	95,000	474,600	724,600
2042	-	105,000	-	58,000	20,000	195,000	378,000
2043	-	-	15,000	220,500	30,000	200,000	465,500
2044	-	-	-	-	20,000	200,000	220,000
2045	1,331,000	68,000	150,000	10,000	100,000	317,000	1,976,000
2046	-	-	85,000	73,000	22,000	205,000	385,000
2047	-	-	-	65,000	22,000	210,000	297,000
2048	-	65,000	-	101,900	32,000	210,000	408,900
2049	-	110,000	15,000	260,000	105,000	215,000	705,000
2050	255,000	58,000	257,000	228,000	187,000	2,215,000	3,200,000
2051	-	-	-	45,000	22,000	220,000	287,000
2052	-	72,000	95,000	724,000	22,000	220,000	1,133,000
2053	-	-	80,000	276,700	120,000	225,000	701,700
2054	-	70,000	-	-	22,000	225,000	317,000
2055	89,000	115,000	15,000	10,000	322,000	350,000	901,000
2056	-	-	-	-	22,000	230,000	252,000

Park Facilities (by improvement type)

Year	Buildings	Picnic Shelters	Playground Equipment	Pavement		Fencing/ Backboards	Lights	Misc. Items	Total All Parks
				Courts	Parking/ Driveway				
2010	\$ -	\$ -	\$ -	\$ 15,550	\$ -	\$ 10,800	\$ -	\$ 25,000	\$ 51,350
2011	20,000	-	-	15,000	38,400	-	-	45,000	118,400
2012	-	-	-	-	3,400	-	-	35,000	38,400
2013	-	20,000	-	40,000	125,000	-	-	95,000	280,000
2014	32,000	-	90,000	-	4,700	-	-	50,000	176,700
2015	-	5,000	-	-	237,100	35,000	-	46,000	323,100
2016	65,000	-	90,000	40,000	54,000	20,000	-	-	269,000
2017	-	-	-	40,000	72,400	-	-	-	112,400
2018	18,000	-	195,000	40,000	82,000	20,000	28,000	-	383,000
2019	15,000	-	-	80,000	-	44,000	-	-	139,000
2020	37,000	-	-	40,000	160,000	60,000	28,000	45,000	370,000
2021	-	-	-	74,000	-	-	-	54,000	128,000
2022	15,000	-	220,000	-	-	-	29,000	-	264,000
2023	-	-	-	-	-	-	24,000	100,000	124,000
2024	18,000	-	120,000	-	35,800	-	-	-	173,800
2025	42,000	-	-	-	-	-	-	100,000	142,000
2026	-	-	-	18,000	-	-	-	100,000	118,000
2027	-	-	-	-	-	-	-	100,000	100,000
2028	42,000	-	100,000	18,000	73,000	-	-	-	233,000
2029	27,000	20,000	-	18,000	-	22,000	-	-	87,000
2030	-	-	100,000	36,000	135,000	-	-	53,000	324,000
2031	15,000	-	-	25,000	14,100	-	27,000	73,000	154,100
2032	33,000	-	-	18,000	-	-	-	67,000	118,000
2033	-	-	185,000	-	-	-	-	60,000	245,000
2034	15,000	-	135,000	-	-	-	-	100,000	250,000
2035	76,000	-	95,000	-	-	80,000	42,000	50,000	343,000
2036	-	-	-	-	-	-	-	100,000	100,000
2037	15,000	-	-	-	-	-	-	100,000	115,000
2038	-	-	-	50,000	17,600	-	-	50,000	117,600
2039	-	89,000	-	111,000	-	30,000	-	-	230,000
2040	15,000	38,000	-	50,000	114,000	164,000	-	65,000	446,000
2041	-	-	-	-	-	-	-	100,000	100,000
2042	-	-	257,000	50,000	-	-	-	-	307,000
2043	15,000	-	-	57,000	-	-	-	100,000	172,000
2044	33,000	-	142,000	50,000	-	33,000	41,000	-	299,000
2045	49,000	-	-	-	263,200	-	-	212,000	524,200
2046	15,000	-	-	-	-	-	36,000	74,000	125,000
2047	-	-	-	-	-	65,000	-	-	65,000
2048	49,000	-	142,000	82,000	-	-	-	100,000	373,000
2049	64,000	30,000	-	-	54,600	-	98,000	-	246,600
2050	50,000	-	142,000	-	114,000	165,000	-	-	471,000
2051	-	-	-	82,000	-	-	40,000	100,000	222,000
2052	75,000	-	-	82,000	140,200	-	-	-	297,200
2053	-	-	265,000	73,000	214,000	-	-	100,000	652,000
2054	-	-	200,000	-	150,000	-	-	-	350,000
2055	75,000	-	125,000	77,000	65,000	-	-	50,000	392,000
2056	-	-	-	-	-	-	-	100,000	100,000

Detailed Replacement Costs
General Fixed Asset Replacement Fund
Trails and Pathways

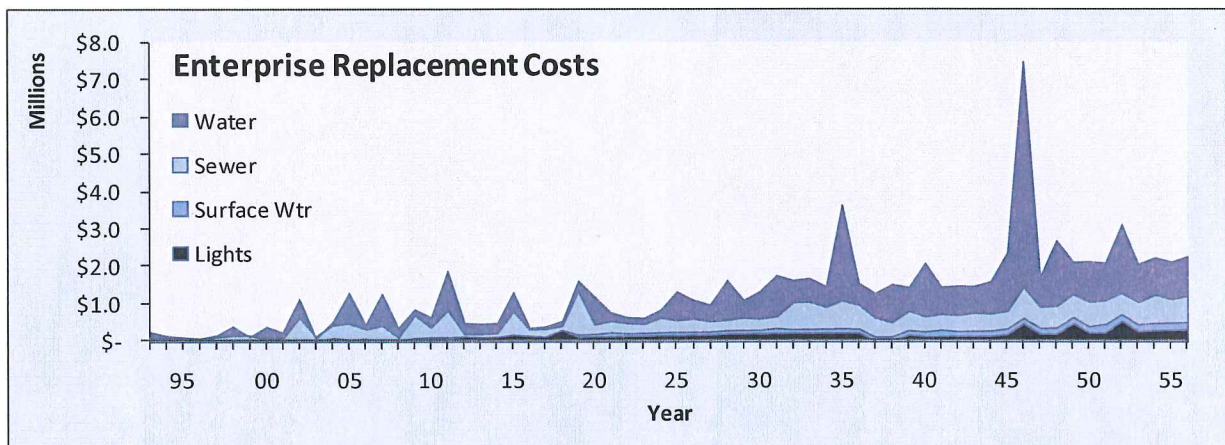
Year	Park	Description	Trail Rehabilitation & Replacement		Total Cost
			Rehab.	Replace	
2010	Lake Judy	Asphalt path	\$ 21,000		\$ 21,000
2010	Wilson	Asphalt path	23,000		23,000
2010	Commons	Asphalt path	26,000		26,000
2011	Sitzer, Lex, Snl Lk Rd	Asphalt path	70,000		70,000
2012	County Rd F, Demar, Floral	Asphalt path		22,000	22,000
2012	NW Corner	Asphalt path	70,000		70,000
2013	NE Corner	Asphalt path	73,000		73,000
2014	Bobby Theisen	Asphalt path	70,000		70,000
2014	County Road I (W end)	Asphalt path	70,000		70,000
2015	Center section	Asphalt path	80,000		80,000
2015	Windward Hgts neighborhood	Asphalt path		94,000	94,000
2016	Allowance	Asphalt path	81,600		81,600
2017	Allowance	Asphalt path	83,200		83,200
2018	Allowance	Asphalt path	84,900		84,900
2019	Allowance	Asphalt path	86,600		86,600
2020	Allowance	Asphalt path	88,300		88,300
2021	Allowance	Asphalt path	90,100		90,100
2022	Allowance	Asphalt path	91,900	100,000	191,900
2023	Allowance	Asphalt path	93,700		93,700
2024	Allowance	Asphalt path	95,600		95,600
2025	Allowance	Asphalt path	97,500		97,500
2026	Allowance	Asphalt path	99,500		99,500
2027	Allowance	Asphalt path	101,500		101,500
2028	Allowance	Asphalt path	103,500		103,500
2029	Allowance	Asphalt path	105,600		105,600
2030	Allowance	Asphalt path	107,700	125,000	232,700
2031	Allowance	Asphalt path	109,900		109,900
2032	Allowance	Asphalt path	112,100		112,100
2033	Allowance	Asphalt path	114,300		114,300
2034	Allowance	Asphalt path	116,600		116,600
2035	Allowance	Asphalt path	118,900		118,900
2036	Allowance	Asphalt path	121,300		121,300
2037	Allowance	Asphalt path	123,700		123,700
2038	Allowance	Asphalt path	126,200	140,000	266,200
2039	Allowance	Asphalt path	128,700		128,700
2040	Allowance	Asphalt path	131,300		131,300
2041	Allowance	Asphalt path	133,900		133,900
2042	Allowance	Asphalt path	136,600		136,600
2043	Allowance	Asphalt path	139,300		139,300
2044	Allowance	Asphalt path	142,100		142,100
2045	Allowance	Asphalt path	144,900	174,000	318,900
2046	Allowance	Asphalt path	147,800		147,800
2047	Allowance	Asphalt path	150,800		150,800
2048	Allowance	Asphalt path	153,800		153,800
2049	Allowance	Asphalt path	156,900		156,900
2050	Allowance	Asphalt path	160,000		160,000
2051	Allowance	Asphalt path	163,200		163,200
2052	Allowance	Asphalt path	166,500	190,000	356,500
2053	Allowance	Asphalt path	169,800		169,800
2054	Allowance	Asphalt path	173,200		173,200
2055	Allowance	Asphalt path	176,700		176,700
2056	Allowance	Asphalt path	180,200		180,200

PROPRIETARY FUNDS

Enterprise funds (water, sewer and surface water management) are designed to support operating costs as well as the replacement of all water assets. Project costs are financed through a combination of debt issuance and the use of current resources. Regardless of the financing method for any specific project, utility rates are established considering operating costs, capital costs and debt payments.

The infrastructure replacement policy requires that operating projections covering a minimum of 20 years be analyzed and computed at least every 5 years. City staff prepares the analysis in most years, and on occasion an outside consultant is hired to prepare a utility rate study. Both methods include a twenty-year analysis of operating, capital replacement, and capital addition projections for all enterprise funds. The information is used to analyze and recommend utility rates. The last utility rate study prepared by an outside consultant was completed in 2002.

Over the next twenty years enterprise funds will provide for the replacement of approximately \$19 million in water, sewer and surface water system replacements. The following graph provides an illustration of historical and anticipated replacement costs.



The replacement projections for utility assets on the following pages are prepared in aggregate considering the overall age and condition of the assets. Repair and replacement projections are not prepared for specific neighborhoods or projects until the anticipated cost is included in the five-year capital improvement program.

For example, a review of water and sewer lines indicates that materials used during different stages of Shoreview's development resulted in different expected lives. Lines installed in the 1960's and early 1970's were made of materials that cannot be expected to last as long as the lines installed later in the 1970's and in the 1980's. Newer materials and construction techniques allow us to assume longer life spans for lines installed during the latter stages of the rapid residential growth.

**Estimated Capital Costs
Water System**

Year	Miles	Replacements					Misc. Capital	Total Capital Costs
		Water Lines	Treatment Plant	Controls	Towers/ Reservoir	Additions		
2008	102.8	\$ 251,568		\$ 6,703	\$ -	\$ 66,067	\$ 1,940	\$ 326,278
2009	102.8	\$ 77,106		\$ 73,655	\$ -	\$ 2,102,478	\$ -	\$ 2,253,239
2010	102.8	\$ 262,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 262,000
2011	102.8	75,000	-	-	969,000	-	15,000	1,059,000
2012	102.8	294,000	-	-	-	-	9,000	303,000
2013	102.8	271,000	-	-	-	-	15,000	286,000
2014	102.8	228,000	-	40,000	-	-	15,000	283,000
2015	102.8	406,000	-	100,000	-	9,000,000	15,000	9,521,000
2016	102.8	42,000	-	-	-	-	-	42,000
2017	102.8	60,000	-	-	-	-	-	60,000
2018	102.8	122,000	-	-	-	-	-	122,000
2019	102.8	141,000	-	125,000	-	-	-	266,000
2020	102.8	145,000	-	-	600,000	-	-	745,000
2021	102.8	149,000	-	-	70,000	-	-	219,000
2022	102.8	154,000	-	-	-	75,000	-	229,000
2023	102.8	158,000	-	-	-	-	-	158,000
2024	102.8	163,000	-	50,000	-	-	-	213,000
2025	102.8	168,000	-	-	600,000	-	-	768,000
2026	102.8	435,000	-	60,000	-	-	-	495,000
2027	102.8	445,000	-	-	-	-	-	445,000
2028	102.8	459,000	-	-	600,000	3,000,000	-	4,059,000
2029	102.8	472,000	-	-	-	-	-	472,000
2030	102.8	487,000	200,000	50,000	-	-	-	737,000
2031	102.8	501,000	-	-	600,000	-	-	1,101,000
2032	102.8	516,000	-	-	80,000	-	-	596,000
2033	102.8	532,000	-	100,000	-	-	-	632,000
2034	102.8	548,000	-	-	-	-	-	548,000
2035	102.8	564,000	-	2,000,000	-	-	-	2,564,000
2036	102.8	581,000	-	-	-	-	-	581,000
2037	102.8	598,000	-	60,000	-	-	-	658,000
2038	102.8	616,000	-	400,000	-	-	-	1,016,000
2039	102.8	635,000	-	-	-	-	-	635,000
2040	102.8	654,000	-	-	773,000	-	-	1,427,000
2041	102.8	673,000	-	60,000	-	-	-	733,000
2042	102.8	694,000	-	-	85,000	-	-	779,000
2043	102.8	715,000	-	-	-	-	-	715,000
2044	102.8	736,000	-	130,000	-	-	-	866,000
2045	102.8	758,000	-	-	800,000	-	-	1,558,000
2046	102.8	781,000	5,200,000	50,000	-	-	-	6,031,000
2047	102.8	804,000	-	-	-	-	-	804,000
2048	102.8	828,000	-	-	919,000	-	-	1,747,000
2049	102.8	853,000	-	-	-	3,500,000	-	4,353,000
2050	102.8	879,000	-	200,000	-	-	-	1,079,000
2051	102.8	905,000	-	-	100,000	-	-	1,005,000
2052	102.8	932,000	-	-	900,000	-	-	1,832,000
2053	102.8	960,000	-	60,000	-	-	-	1,020,000
2054	102.8	989,000	-	-	-	-	-	989,000
2055	102.8	1,000,000	-	-	-	-	-	1,000,000
2056	102.8	1,000,000	-	60,000	-	-	-	1,060,000

Estimated Capital Costs
Sanitary Sewer System

Year	Miles	Replacements					Misc. Capital	Total Capital Costs
		Sewer Lines	Relining- Televising	Lift Stations	Additions			
2010	107.9	\$ 67,000	\$ -	\$ 200,000	\$ -	\$ -	\$ 267,000	
2011	107.9	60,000	675,000	-	-	10,000	745,000	
2012	107.9	65,000	-	-	-	6,000	71,000	
2013	107.9	84,000	-	-	-	10,000	94,000	
2014	107.9	70,000	-	30,000	-	10,000	110,000	
2015	107.9	100,000	500,000	30,000	-	10,000	640,000	
2016	107.9	100,000	-	75,000	-	-	175,000	
2017	107.9	110,000	70,000	25,000	-	-	205,000	
2018	107.9	92,000	-	25,000	-	-	117,000	
2019	107.9	218,000	950,000	-	40,000	-	1,208,000	
2020	107.9	225,000	-	30,000	-	-	255,000	
2021	107.9	232,000	80,000	-	-	-	312,000	
2022	107.9	239,000	-	30,000	-	-	269,000	
2023	107.9	246,000	-	-	-	-	246,000	
2024	107.9	253,000	100,000	40,000	-	-	393,000	
2025	107.9	261,000	-	60,000	-	-	321,000	
2026	107.9	269,000	-	90,000	-	-	359,000	
2027	107.9	277,000	-	-	-	-	277,000	
2028	107.9	285,000	-	-	-	-	285,000	
2029	107.9	294,000	-	40,000	-	-	334,000	
2030	107.9	303,000	-	-	-	-	303,000	
2031	107.9	312,000	-	-	-	-	312,000	
2032	107.9	321,000	-	400,000	-	-	721,000	
2033	107.9	331,000	-	400,000	-	-	731,000	
2034	107.9	341,000	-	250,000	-	-	591,000	
2035	107.9	351,000	-	400,000	-	-	751,000	
2036	107.9	362,000	-	280,000	-	-	642,000	
2037	107.9	373,000	-	140,000	-	-	513,000	
2038	107.9	384,000	-	-	-	-	384,000	
2039	107.9	396,000	125,000	-	-	-	521,000	
2040	107.9	408,000	-	-	-	-	408,000	
2041	107.9	420,000	-	-	-	-	420,000	
2042	107.9	433,000	-	-	-	-	433,000	
2043	107.9	446,000	-	40,000	-	-	486,000	
2044	107.9	459,000	-	-	-	-	459,000	
2045	107.9	473,000	-	-	-	-	473,000	
2046	107.9	487,000	-	350,000	-	-	837,000	
2047	107.9	502,000	-	70,000	-	-	572,000	
2048	107.9	517,000	-	70,000	-	-	587,000	
2049	107.9	533,000	-	100,000	-	-	633,000	
2050	107.9	549,000	-	110,000	-	-	659,000	
2051	107.9	565,000	-	75,000	-	-	640,000	
2052	107.9	582,000	-	-	-	-	582,000	
2053	107.9	599,000	-	-	-	-	599,000	
2054	107.9	617,000	150,000	-	-	-	767,000	
2055	107.9	636,000	-	-	-	-	636,000	
2056	107.9	655,000	-	50,000	-	-	705,000	

Estimated Capital Costs
Surface Water Management System

Year	Replacements			Total Capital Costs
	Storm Systems	Controls	Additions	
2010	\$ -	\$ -	\$ 289,200	\$ 289,200
2011	-	46,000	60,000	106,000
2012	-	-	369,000	369,000
2013	-	-	189,000	189,000
2014	-	-	372,000	372,000
2015	-	-	541,900	541,900
2016	-	-	114,130	114,130
2017	-	-	369,000	369,000
2018	-	-	760,000	760,000
2019	70,000	-	60,000	130,000
2020	72,000	-	65,000	137,000
2021	74,000	35,000	65,000	174,000
2022	76,000	-	65,000	141,000
2023	78,000	-	-	78,000
2024	80,000	-	-	80,000
2025	82,000	-	-	82,000
2026	84,000	-	-	84,000
2027	87,000	-	-	87,000
2028	90,000	-	-	90,000
2029	93,000	-	-	93,000
2030	96,000	-	-	96,000
2031	99,000	40,000	-	139,000
2032	102,000	-	-	102,000
2033	105,000	-	-	105,000
2034	108,000	-	-	108,000
2035	111,000	-	-	111,000
2036	114,000	-	-	114,000
2037	117,000	-	-	117,000
2038	121,000	-	-	121,000
2039	125,000	-	-	125,000
2040	129,000	-	-	129,000
2041	133,000	40,000	-	173,000
2042	137,000	-	-	137,000
2043	141,000	-	-	141,000
2044	145,000	-	-	145,000
2045	149,000	-	-	149,000
2046	153,000	-	-	153,000
2047	158,000	-	-	158,000
2048	163,000	-	-	163,000
2049	168,000	-	-	168,000
2050	173,000	-	-	173,000
2051	178,000	50,000	-	228,000
2052	183,000	-	-	183,000
2053	188,000	-	-	188,000
2054	194,000	-	-	194,000
2055	200,000	-	-	200,000
2056	206,000	-	-	206,000

Estimated Capital Costs
Street Light System

Year	Replacements			Additions	Total
	Allowance	Street Projects			
2010	\$ 62,250	\$ 50,000	\$ -	\$	112,250
2011	63,450	-	-		63,450
2012	64,650	61,000	-		125,650
2013	66,000	45,000	-		111,000
2014	67,350	50,000	-		117,350
2015	92,000	84,000	-		176,000
2016	104,000	41,000	151,177		296,177
2017	106,000	21,000	-		127,000
2018	108,000	192,000	-		300,000
2019	111,000	-	149,337		260,337
2020	124,000	-	-		124,000
2021	127,000	-	-		127,000
2022	141,000	-	152,620		293,620
2023	144,000	-	-		144,000
2024	159,000	-	-		159,000
2025	162,000	-	-		162,000
2026	165,000	-	-		165,000
2027	169,000	-	-		169,000
2028	198,000	-	-		198,000
2029	202,000	-	-		202,000
2030	206,000	-	-		206,000
2031	210,000	-	-		210,000
2032	215,000	-	-		215,000
2033	219,000	-	-		219,000
2034	223,000	-	-		223,000
2035	228,000	-	-		228,000
2036	217,000	-	38,730		255,730
2037	-	-	-		-
2038	-	-	40,295		40,295
2039	164,000	-	-		164,000
2040	126,000	-	41,920		167,920
2041	128,000	-	-		128,000
2042	131,000	-	43,615		174,615
2043	133,000	-	-		133,000
2044	136,000	-	45,375		181,375
2045	185,000	-	-		185,000
2046	463,000	-	47,210		510,210
2047	193,000	-	-		193,000
2048	196,000	-	49,120		245,120
2049	471,000	-	-		471,000
2050	225,000	-	51,100		276,100
2051	229,000	-	-		229,000
2052	532,000	-	53,160		585,160
2053	260,000	-	-		260,000
2054	288,000	-	-		288,000
2055	293,000	-	-		293,000
2056	299,000	-	-		299,000

Estimated Capital Costs
Central Garage Internal Service Fund

Year	Replacements				Total Capital Costs
	Buildings	Machinery, Equipment	Other	Additions	
2010	\$ 5,237,953	\$ 154,149	\$ 101,981	\$ 232,322	\$ 5,726,405
2011	-	411,000	17,500	7,500	436,000
2012	-	400,500	35,000	-	435,500
2013	-	425,000	25,000	-	450,000
2014	-	433,000	25,000	-	458,000
2015	-	436,000	25,000	-	461,000
2016	-	430,000	50,000	26,000	506,000
2017	-	450,000	50,000	10,000	510,000
2018	-	430,000	50,000	27,000	507,000
2019	-	425,000	50,000	10,000	485,000
2020	-	450,000	50,000	28,000	528,000
2021	45,000	450,000	50,000	10,000	555,000
2022	-	430,000	50,000	29,000	509,000
2023	-	425,000	50,000	10,000	485,000
2024	50,000	400,000	50,000	30,000	530,000
2025	-	475,000	50,000	10,000	535,000
2026	-	480,000	50,000	31,000	561,000
2027	1,500,000	400,000	50,000	10,000	1,960,000
2028	55,000	400,000	50,000	32,000	537,000
2029	-	400,000	50,000	10,000	460,000
2030	-	530,000	50,000	33,000	613,000
2031	60,000	600,000	50,000	10,000	720,000
2032	-	500,000	50,000	34,000	584,000
2033	-	500,000	50,000	10,000	560,000
2034	65,000	400,000	50,000	35,000	550,000
2035	-	460,000	50,000	10,000	520,000
2036	-	480,000	50,000	36,000	566,000
2037	2,000,000	450,000	50,000	10,000	2,510,000
2038	-	400,000	50,000	37,000	487,000
2039	-	540,000	50,000	10,000	600,000
2040	75,000	455,000	50,000	38,000	618,000
2041	-	520,000	50,000	10,000	580,000
2042	-	406,000	50,000	39,000	495,000
2043	80,000	600,000	50,000	10,000	740,000
2044	-	700,000	50,000	40,000	790,000
2045	-	600,000	50,000	10,000	660,000
2046	85,000	500,000	50,000	41,000	676,000
2047	-	650,000	50,000	10,000	710,000
2048	-	500,000	50,000	42,000	592,000
2049	90,000	550,000	50,000	10,000	700,000
2050	-	600,000	50,000	43,000	693,000
2051	-	550,000	50,000	10,000	610,000
2052	-	700,000	50,000	44,000	794,000
2053	-	650,000	50,000	10,000	710,000
2054	-	700,000	50,000	45,000	795,000
2055	75,000	500,000	50,000	10,000	635,000
2056	-	700,000	50,000	50,000	800,000

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Exhibit A

Comprehensive Infrastructure Replacement Policy and Street Reconstruction Policy

CITY OF SHOREVIEW, MINNESOTA COMPREHENSIVE INFRASTRUCTURE REPLACEMENT POLICY

INTRODUCTION

The City of Shoreview is nearing full development, making replacement of its aging infrastructure of critical importance. Council members and management staff have deemed it necessary to adopt this comprehensive infrastructure replacement policy in order to facilitate the financial planning necessary to accommodate the timely replacement of assets, and to accommodate the following concerns.

- Providing for future replacements of infrastructure is a priority incorporated into the City of Shoreview's short and long term financial planning.
- Financing replacement costs is a difficult challenge for governmental entities throughout the country.
- Implementing replacement efforts at the appropriate time is considered necessary for national economic recovery.
- Maintaining reasonable tax levies and user fees, strong financial condition, moderate debt levels, and high bond ratings are priorities of the City.

- I. **OBJECTIVES** - This infrastructure replacement plan is designed to:
- A. **Create a permanent program** including a plan that shall be updated annually during the budget process. The replacement estimates and cash flow projections in the plan will be used to determine tax levies and user fees.
 - B. **Moderate annual increases in the tax levy and user fees** by taking a long-term view of the revenue sources used to finance capital replacements.
 - C. **Carefully plan for new debt** by requiring a long-term emphasis on rate setting because capital costs fluctuate from year to year. The long-term emphasis is desirable because capital replacement costs if funded exclusively through current revenues, would cause the citizens and business owners to experience dramatic annual changes in tax and utility bills.
 - D. **Avoid assessing property owner twice** for the same improvement. Special assessments for any given improvement will be levied against a property only once. The City, as a whole, is primarily responsible for the payment of replacement and rehabilitation costs. The maximum cost to be assessed for any reconstruction and/or rehabilitation improvement is limited to the cost of added improvements plus a proportionate share of project engineering and administrative costs. The street renewal policy attached specifically addresses special assessments against benefited properties for street reconstruction, rehabilitation and resurfacing.

II. **GENERAL ASSETS** - Capital costs associated with the replacement of general assets are accounted for in two capital project revolving funds, including the Street Renewal Fund, and the General Fixed Asset Replacement (GFAR) Fund. These funds accumulate resources dedicated for eligible capital replacements. Annual appropriations are made in the capital improvement program.

A. **Requirements** which apply to both the Street Renewal and GFAR funds include:

1. Expenditures shall be limited to eligible capital replacement costs as described for each fund.
2. Replacement projections shall be prepared for a minimum of forty years.
3. Investment interest earned within each fund shall remain in the fund.
4. Inter-fund loans are subject to City Council approval and must be repaid with interest at the average rate of return on the City's investment portfolio. The finance department will determine the annual interest rate to be charged on inter-fund loans.
5. Expenditures for purposes outside of the eligible costs for general assets are allowed only under one of the following two procedures:
 - The City Council declares a financial emergency by at least a four fifths vote, or
 - The City Council conducts a public hearing to declare its intent and to invite public input. Notice must be provided to the public and to each newspaper of general circulation throughout the City at least 30 days prior to the hearing. The notice shall include the amount and intended purpose of the proposed expenditure.

B. **Street Renewal** - The Street Renewal fund was created in 1985 with an initial contribution of two million dollars from savings realized from a major bond defeasance in 1984. The fund provides a permanent program to manage, finance and implement the reconstruction, rehabilitation and resurfacing of residential streets within the City. The street renewal policy attached outlines design standards and the use of special assessments for new improvements. The following requirements are established for the Street Renewal Fund:

1. **Eligible capital costs** include the reconstruction, rehabilitation and resurfacing of residential streets. Property owners shall be assessed the estimated cost of added improvements and the street replacement cost shall be paid by the street renewal fund. Costs associated with the construction of new streets, water, sewer or storm improvements are not eligible capital costs in this fund.
2. **Sources of revenue** include property taxes, investment interest and any additional monies the City may dedicate to residential street replacement in the future.
3. **Minimum fund balances** of two million dollars shall be reserved and maintained so that an ongoing revenue stream from investment interest will be available. Capital replacement costs, which would cause a drop in fund balance below the initial contribution of two million dollars, shall not be allowed.
4. **Use of bonding.** The street renewal fund shall have no direct outstanding debt. It is the intent of the City to finance the street renewal share of capital costs through the use of current resources. Transfers may be made to a debt service fund for the street renewal share of any project which is financed through the use of bonds provided that:
 - The street renewal monies are shown as a source of funding when the bond sale is authorized, and/or
 - The transfer is approved by the City Council in the budget document or through separate authorization.

- C. **General Fixed Asset Replacement Fund (GFAR)** was created in 1989 to collect revenues dedicated to the replacement and/or rehabilitation of general fixed assets. The fund provides a permanent program to manage and finance the replacement of assets accounted for in the general fixed asset account group. The following requirements are established for the GFAR fund:
1. **Eligible capital costs** include any replacement or rehabilitation costs for general fixed assets. Capital costs for new assets, or operating costs are not eligible. Assets reported in this account group include:
 - Public safety buildings and equipment
 - City hall building and furnishings
 - Community center building, furnishings and mechanical systems
 - Data processing systems
 - Park improvements and buildings
 - Trails
 2. **Sources of revenue** include property taxes, investment interest and any additional monies the City may dedicate to general fixed asset replacements in the future.
 3. **Minimum fund balances** are not required for the GFAR fund. Because of dramatic shifts in capital costs from year to year, no minimum fund balance is specified. However, capital costs, which would create a deficit, shall not be allowed.
 4. **Use of bonding.** The GFAR fund shall have no direct outstanding debt. It is the intent of the City to finance most general fixed asset replacement costs through the use of current resources. However, on occasion the City may finance certain capital costs through the use of bonds, certificates of participation, equipment certificates, capital leases or some other financing mechanism. In these instances transfers may be made from the GFAR fund to a debt service fund for the replacement portion of general fixed assets provided that:
 - The GFAR fund is shown as a source of funding when the debt issue is authorized, and/or
 - The transfer is approved by the City Council in the budget document or through separate authorization.

III. **PROPRIETARY ASSETS** - Capital costs associated with the replacement of proprietary assets are accounted for within three enterprise funds and one internal service fund. User fees charged by enterprise and internal service funds are designed to support operating and debt service expenses as well as capital replacements, additions and improvements that provide a citywide benefit.

- A. **Requirements** for the enterprise and internal service funds are general in nature because asset replacement is only one aspect of enterprise and internal service fund operations. For these funds the objective of this policy is to encourage long range thinking when establishing current user fees.
 - 1. **Replacement** costs shall be projected for a minimum of forty years.
 - 2. **Future system expansion** estimates (new improvements) shall be prepared for a minimum of ten years.
 - 3. **Operating projections** shall be prepared at least once every five years, and shall cover a period of twenty years.
 - 4. **User fees** shall be established each year based on operating, debt service and capital cost projections.
- B. **Enterprise Funds** account for the operations of utility services in a manner similar to private business enterprises. Each fund is designed so that the costs of providing goods and services to the public are recovered primarily through user charges, and depreciation is recognized for all assets. The City's enterprise funds include the Water Fund, Sewer Fund and the Surface Water Management (SWM) Fund. The following requirements are established for the City's enterprise funds:
 - 1. **Sources of revenue** include all revenues collected by the enterprise funds. These typically include users fees (water, sewer and surface water), connection charges, area charges, investment interest and any additional monies the City may dedicate to enterprise operations.
 - 2. **Minimum cash balances** of one million dollars each in the Water and Sewer Funds are required. However, it is the City's intent to maintain Water and Sewer Fund cash balances in the amount of two million dollars or more for the majority of the years covered in the operating projections. Because the SWM fund has been in operation for less than one year, no minimum cash balance is required at this time.

3. **Use of bonding.** It is the intent of the City to utilize operating and cash flow projections to determine the appropriate level of bonding in enterprise funds for capital costs on an annual basis. Capital cost projections, minimum cash balance requirements and projected increases in user fees will provide the basis for projected debt levels. Most capital costs financed through the use of general obligation revenue bonds will be repaid over ten to fifteen years. However, revenue bonds issued for large capital costs such as water towers, treatment facilities, trunk lines etc. may be repaid over twenty years if projected user fees, as a result of ten to fifteen year bonds, would be substantially higher than the rate of inflation.
- C. **Internal Service Fund.** The Central Garage Fund was created in 1984 to provide for the operation of the maintenance garage, as well as the operation, maintenance, replacement and acquisition of central garage equipment. The Central Garage Fund charges motor pool and building charges to all departments on a cost-reimbursement basis for the use of equipment and the maintenance facility. The following requirements are established for the Central Garage Fund:
1. **Sources of revenue** include investment interest and fees charged to departments, funds and outside organizations.
 2. **Minimum cash balances** equal to one half of annual operating costs are required.
 3. **Use of bonding.** It is the intent of the City to finance most central garage capital costs through the use of current resources. However, when financing large capital costs with current resources would cause the cash balance of the fund to drop below two hundred thousand, or when projected increases in user fees would be substantially higher than the rate of inflation the City may choose to finance capital costs with general obligation equipment certificates. Equipment certificates will be repaid over a period of no more than five years, as provided by state statutes.

**CITY OF SHOREVIEW, MINNESOTA
STREET RENEWAL POLICY
AMENDED OCTOBER 21, 1996**

I. INTENT

It is the intent and purpose of this policy to maintain a permanent program to manage, finance and implement the reconstruction or rehabilitation of the streets within the City of Shoreview. This policy is intended to allow the City to adequately plan for the major capital costs that will ultimately occur as the City's existing streets age and deteriorate. It is also the intent of this policy to create a financing and payment system that will be fair and equitable to all property owners within the City during future years as it becomes necessary to reconstruct or rehabilitate the City's street system.

II. ELIGIBLE PROJECTS

Street improvement projects eligible under this policy consist of improvements to existing paved public streets within the City, which are in public use and which are maintained by the City. Unimproved, unmaintained public rights-of-way are not eligible. Street improvements to Ramsey County roadways or State highways located within the City, which are performed as a joint City/County or City/State project, under the terms of an agreement that obligates the City to participate in the cost of the improvement, are also eligible for this policy.

No street improvement project shall be initiated under this policy until all underground utilities that are or will be located within the roadway area have been inspected and determined to be adequate, or have been repaired or rehabilitated to a condition that will provide a projected useful life of the utility in excess of the anticipated useful life of the new or rehabilitated roadway. In addition, all future publicly-owned underground utility systems that will be required for the ultimate development and service of the project area must be installed prior to the implementation of street improvements under this policy.

The rehabilitation, replacement, or installation of new sanitary sewer, water systems or storm drainage systems, which are required to satisfy this policy, shall not be considered as an element of the street improvement program. Such underground utility improvements, which are required in advance or at the time of the street improvement project, shall be implemented by the City under the prevailing policies and regulations for such utility improvements, and the costs involved in such utility improvements shall not be included as a cost of the street improvement project. Minor modifications to utility systems, which are required to facilitate the new street, such as manhole, catch basin, and valve adjustments, shall be considered as an element of the street project.

The City shall perform a detailed inventory of all City streets that are eligible for improvement under this policy, and maintain such information in an automated

Pavement Management Program (PMP). The PMP shall measure and document the condition of all City streets, taking into account such factors as surface texture and wear, the extent of cracking, the roughness, adequacy of drainage and such other factors that will assist in the evaluation of the roadway. The data collected by the PMP shall be evaluated by the City Engineer and, based on that evaluation; the City shall prepare a comprehensive schedule and cost estimate for the anticipated street improvements. In addition, a Capital Improvement Program (CIP) shall be prepared which shall identify the estimated cost, sequence, and schedule in which projects should be implemented. The PMP shall be reviewed and updated every four years, and a new cost estimate, rating, and CIP shall be prepared with each update of the PMP.

III. DESIGN STANDARDS

All City streets, except those streets on the Municipal State Aid Street System (MSA) shall be designed to a uniform performance standard. The basic standards shall be a 32-foot width measured from face of curb, a pavement and base section adequate for a 7-ton loading based upon the characteristics of the underlying sub grade soils, and it shall include concrete curb and gutter. In areas where platted right-of-ways and/or existing land uses make the consideration of 32-foot-wide streets impractical, the City shall analyze the feasibility of narrower streets. Such analysis shall include emergency service needs, existing topography, access issues, cost, and other factors deemed appropriate. The specific design details, specifications and material standards used for a street improvement project shall generally conform to the City's ordinances and procedures, applicable at the time the project is implemented.

To the maximum extent possible, the existing streets and in-place materials shall be used or left in place. Seal coating, crack-filling and pavement overlay strategies will be used to rehabilitate roadways when deemed cost-effective through analysis of the City's Pavement Management Program. Existing concrete curb shall be left in place if its condition is adequate for the anticipated life of the new or rehabilitated pavement. In-place pavement and aggregate base materials shall be recycled and reused when it is determined that it is the most cost-effective method.

Design standards for City streets that are on the MSA system shall be as required by the MSA regulations. Design standards for Ramsey County or Mn/DOT roadways shall be determined by each respective agency.

IV. PAYMENT AND FINANCIAL PROGRAM

It is the intent of this policy that the City, as a whole, is primarily responsible for the payment of the street replacement and rehabilitation program. It is also the intent of this policy to identify the specific benefits that are created by the street improvements to the adjacent properties, specifically the enhancement of property values as a result of the adjacent street improvements.

The financial program shall consist of the following elements:

- A. The City shall designate, to the maximum extent possible, all of its available MSA mileage allocation, with the objective of securing the maximum amount of MSA funds for use in conjunction with the Street Renewal Program.
- B. The City will maintain a permanent Street Renewal Fund from which the majority of the cost of the street renewal program shall be paid. The Street Renewal Fund shall be reviewed periodically, and adjustments to the policy shall be made where necessary to assure the adequacy of the fund.
- C. The City shall levy special assessments on adjacent benefiting properties when the street improvement project includes the installation of concrete curb and gutter in locations where concrete curb and gutter did not exist prior to the improvement.

The cost to be assessed to abutting properties shall be a portion of the cost to bring the street up to a modern standard, being approximately equal to the cost of new concrete curb and gutter, including a proportionate share of all project Engineering and Administrative costs of the improvement. The assessment rate shall be computed on a per-lot unit basis, with a lot unit being defined as a platted single-family residential lot or equivalent which, according to current Shoreview code, cannot be further subdivided for R-1 detached residential. A lot unit dimension may be set as the average width based on detached residential/R-1 lots within the improvement area.

In computing the assessable units, consideration shall be given to properties that can be further subdivided into lot units. All properties other than single family residential (R-1 detached residential) such as parks, attached and detached residential, high-density, residential, churches, schools, offices, commercial and industrial properties shall be superficially subdivided to determine the assessable lot units or part thereof. To reflect the number of increased traffic generation by commercial, industrial, and high-density residential properties, a factor of 2 will be applied to determine the rate of assessment for properties of these types.

Benefits from street renewal improvements shall be considered to extend a minimum of 130 feet each side of the street right-of-way. A half-unit width shall be considered on corner lots where both streets are not currently being improved. Lots fronting on or immediately adjacent to more than one improved public street shall not be doubly assessed.

If a street renewal project is requested to be constructed to a greater width and/or thickness than the standard by the abutting property owners, then the excess cost above that of the standard reconstruction cost shall be fully assessed to those properties.

If a property has been assessed on a lot unit basis for a public improvement, and subsequently a property division is made creating additional lot units, then a supplemental charge shall be made to the property at the same rate which applied under the original assessments.

The assessment process shall be carried out in accordance with Minnesota Statutes Chapter 429. The assessment rate shall be on a per-lot unit basis and shall be calculated and processed in accordance with the current City Street Renewal Program and Unit Assessment Policy.

No special assessments shall be levied in situations with existing concrete curb and gutter.

V. IMPLEMENTATION PROCEDURES

- A. Consideration of a street for improvement under this policy shall be initiated by any of the following:
 - 1. Petition by the adjacent property owners.
 - 2. Recommendation by the City staff based upon the Capital Improvement Program (CIP) and/or the Pavement Management Program (PMP).
 - 3. Request by Ramsey County and/or Mn/DOT for City participation in a joint improvement.
 - 4. Initiation by City Council.
- B. If the City Council determines that it is desirable to consider the project, an engineering feasibility study shall be prepared. The study shall examine the need for the project, its relative priority to other streets that are in need of improvement, the extent of utility repairs and improvements required in advance of the street improvement, and the cost and financial considerations. If the proposed project includes special assessments, all subsequent work and activities shall be performed in accordance with the applicable provisions of the MSA regulations, current City policy, and Minnesota Statutes Chapter 429.
- C. Following the Public Hearing, the Council will either order the work or reject the project.

Adopted by the Shoreview City Council on the 21st day of October 1996.

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Exhibit B

Enterprise Fund Operating Projections

- Water
- Sewer
- Surface Water Management
- Street Lighting

Internal Service Operating Projections

- Central Garage

Proprietary Fund Operating Projections

(Utility Funds and Internal Service Funds)

December 2010

Introduction

Each year an analysis of the City's enterprise funds is prepared to determine recommended utility rates that will support operating costs and provide for repair and replacement of utility systems over the next 20 years. The City's enterprise funds include:

- Water
- Sewer
- Surface Water Management
- Street Lighting

Factors considered as part of the utility analysis include:

- Cash balances and cash balance objectives
- Debt levels, future debt issuance and debt payments
- New connections
- Capital costs (additions, repairs and replacements)
- Water consumption trends
- Sewage flows and treatment costs
- Operating costs
- Maintenance strategies
- Water meter replacement program

Operating projections provided on the attached pages have been compiled based on number of different assumptions including the rate of inflation, water consumption levels, estimated replacement costs and others. These projections, in conjunction with historical activity, provide the basis for the operating projections and recommended rate adjustments.

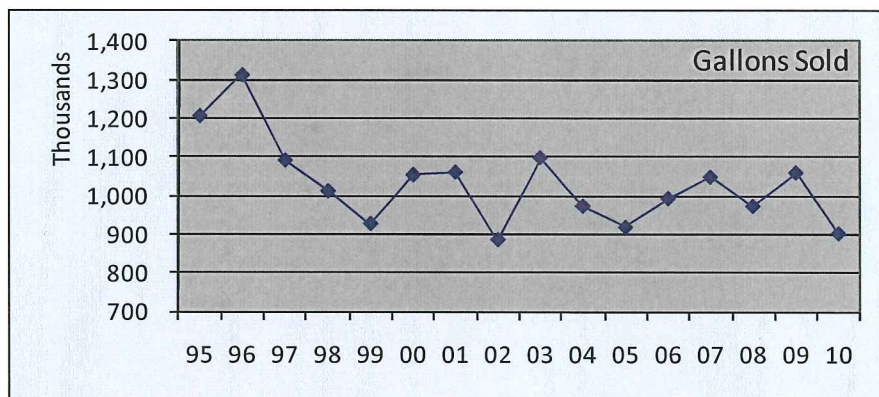
The rate setting process is designed to make gradual changes in rates whenever possible, focusing on a long-term strategy. As such, the City expects years with net profit as well as years with net loss.

Operating projections are updated annually in an effort to identify and address potential changes early and to ensure that utility rates charged to customers adequately cover utility costs (operation, maintenance, and replacement). In addition, the long-term nature of these projections helps the City carefully plan the timing of debt issuance, and moderate adjustments to utility rates.

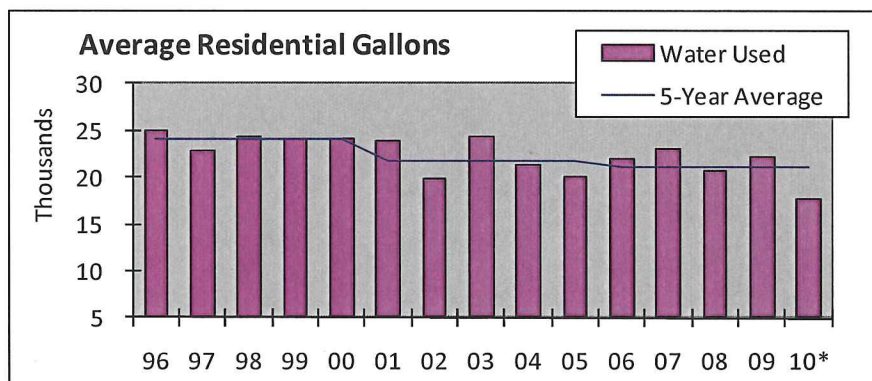
Usage Trends

In recent years a combination of weather (rainfall), an aging population, and changes in usage patterns have contributed to an overall decline in average household water use. Although the City expects variations in water consumption from year to year, mainly due to rainfall fluctuations and timing, a trend among residential customers in winter months also demonstrates reduced water consumption.

The graph at right shows how total water use fluctuates from year to year, and illustrates the overall trend toward lower consumption. Major changes from year to year are primarily the result of rainfall, because 50% of water is sold during the four months that make up the growing season.

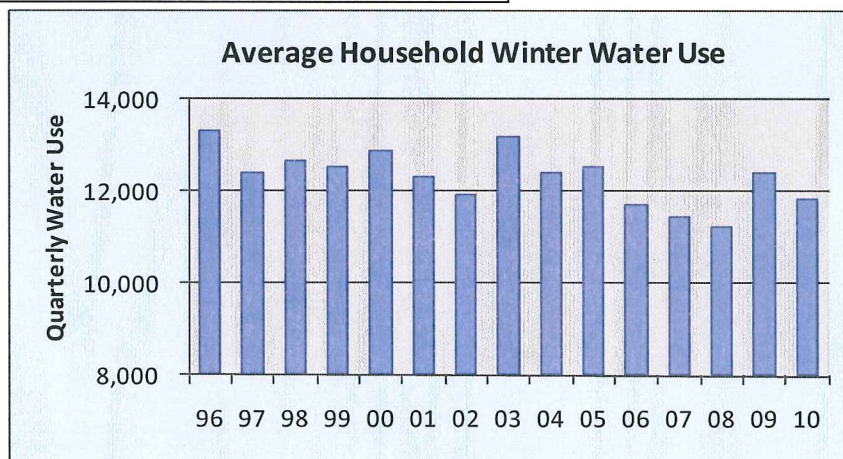


Household water use accounts for between 70% and 77% of gallons consumed. Two graphs below illustrate a decline in quarterly household water use.



Average quarterly household water use in the last five years (2006 to 2010) is approximately 3.4 percent lower than the previous 5 years, and about 12.3 percent lower than the late 1990s.

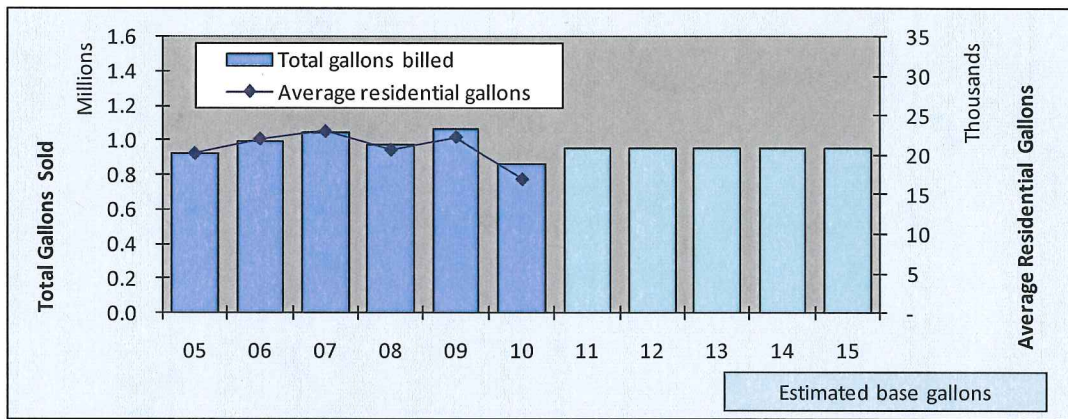
Average quarterly household water use during winter months is also declining overall, as shown the graph at right.



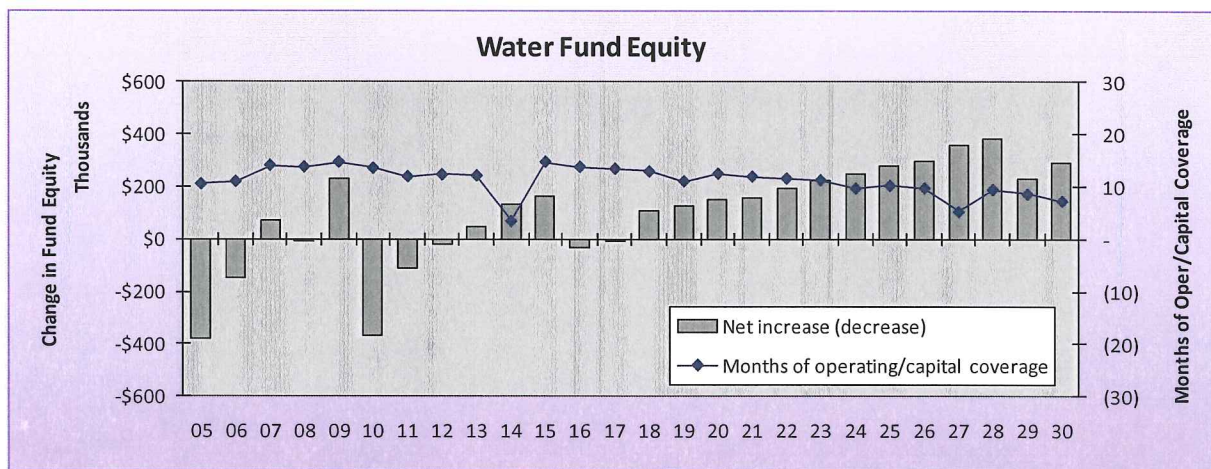
Water Fund Operations

In setting water rates the City expects fluctuations in water consumption from year to year, and therefore expects fluctuations in water revenue.

Revenue projections in the Water Fund utilize a “base year” approach for estimating gallons sold. This approach enables the City to set rates at levels that support operations, without allowing temporary fluctuations in revenue to increase gallon projections. Between the historical trend toward reduced water consumption, and the high rainfall experienced during the summer of 2010, the “base year” gallon estimate has been reduced 5 percent from previous projections, and is expected to remain constant in the future.



Despite the challenges that fluctuating water consumption can cause, the graph below and the operating projections on the pages that follow show that planned adjustments to the City’s water rates will adequately support operations and capital costs over the next 20 years.



Significant water system costs planned for the near future include: water line replacements, exterior coatings on the South water tower, rehabilitation of the underground reservoir, an update of well controls and the addition of a water treatment plant.

Water Fund	Actual	Actual	Actual	Actual	Actual	Estimated
Operating Projections	2005	2006	2007	2008	2009	2010
Revenue						
User charges	\$ 1,313,312	\$ 1,584,700	\$ 1,829,484	\$ 1,883,743	\$ 2,150,895	\$ 1,833,500
Facility charges	15,645	46,315	5,500	13,750	4,400	4,500
Meter sales	20,323	11,944	4,551	10,232	2,950	3,500
Other	10,854	6,195	8,312	12,635	67,585	7,500
Total Revenue	\$ 1,360,134	\$ 1,649,154	\$ 1,847,847	\$ 1,920,360	\$ 2,225,830	\$ 1,849,000
Expense						
Operations	1,144,102	1,164,562	1,193,418	1,235,563	1,245,066	1,395,439
Meters	41,747	79,160	46,513	94,056	-	10,000
Depreciation	414,137	430,841	448,850	465,963	476,849	536,500
Total Expense	\$ 1,599,986	\$ 1,674,563	\$ 1,688,781	\$ 1,795,582	\$ 1,721,915	\$ 1,941,939
Operating income (loss)	(239,852)	(25,409)	159,066	124,778	503,915	(92,939)
Other Sources (Uses)						
Miscellaneous items	-	-	-	(362)	-	-
Interest earnings	55,639	99,989	133,727	112,658	56,635	60,000
Transfer out/General fund	(120,000)	(120,000)	(120,000)	(120,000)	(130,000)	(145,000)
Transfer out/capital funds	(3,190)	-	-	-	-	(6,000)
Transfer out/Central Garage (debt)	-	-	-	-	-	-
Interest and agent fees	(73,373)	(101,273)	(103,071)	(126,890)	(197,535)	(185,000)
Total Other Sources (Uses)	\$ (140,924)	\$ (121,284)	\$ (89,344)	\$ (134,594)	\$ (270,900)	\$ (276,000)
Contributed capital assets	50,730	30,485	-	212,000	396,278	-
Net change	(330,046)	(116,208)	69,722	202,184	629,293	(368,939)
Net assets at year-end	\$12,071,016	\$11,954,808	\$12,024,530	\$12,226,714	\$12,856,007	\$12,487,068
Rate increase (middle tier)	3.43%	10.00%	8.02%	11.99%	5.00%	10.00%
Change in user charges	-1.9%	20.7%	15.4%	3.0%	14.2%	-14.8%
Cash balance	\$ 1,769,292	\$ 2,541,260	\$ 2,770,388	\$ 4,923,229	\$ 3,103,590	\$ 3,936,304
Months of operating/capital coverage	10.5	11.0	14.0	13.7	14.7	13.5
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ 2,116,195	\$ -	\$ 1,000,000
General transfer percent of gross assets	0.61%	0.61%	0.58%	0.57%	0.55%	0.60%
Capital costs	\$ 816,391	\$ 119,027	\$ 861,990	\$ 325,778	\$ 2,253,239	\$ 262,000
Debt issued	\$ -	\$ 860,000	\$ 845,000	\$ 2,365,000	\$ -	\$ 1,240,000
Debt payments (principal)	\$ 200,000	\$ 215,000	\$ 220,000	\$ 275,000	\$ 315,000	\$ 425,000
Debt balance (year end)	\$ 1,850,000	\$ 2,495,000	\$ 3,120,000	\$ 5,210,000	\$ 4,895,000	\$ 5,710,000
Gallons sold (000)	918,150	992,794	1,048,409	973,106	1,066,008	863,606
Average residential gallons (qtr)	20,201	22,017	22,970	20,650	22,263	17,000
Customer accounts	8,379	8,445	8,480	8,518	8,648	8,779

Water Fund	Projected	Projected	Projected	Projected	Projected
Operating Projections	2011	2012	2013	2014	2015
Revenue					
User charges	\$ 2,250,000	\$ 2,424,834	\$ 2,546,757	\$ 2,675,790	\$ 2,807,785
Facility charges	4,500	5,000	5,000	5,000	5,000
Meter sales	3,500	4,000	4,000	4,000	4,000
Other	7,500	7,500	7,500	7,500	7,500
Total Revenue	\$ 2,265,500	\$ 2,441,334	\$ 2,563,257	\$ 2,692,290	\$ 2,824,285
Expense					
Operations	1,400,212	1,475,405	1,486,788	1,519,885	1,534,606
Meters	10,000	10,000	10,000	15,000	15,000
Depreciation	605,200	629,900	636,700	643,900	648,900
Total Expense	\$ 2,015,412	\$ 2,115,305	\$ 2,133,488	\$ 2,178,785	\$ 2,198,506
Operating income (loss)	250,088	326,029	429,769	513,505	625,779
Other Sources (Uses)					
Miscellaneous items	-	-	-	-	-
Interest earnings	62,100	78,700	56,500	58,600	58,500
Transfer out/General fund	(160,000)	(175,000)	(190,000)	(205,000)	(235,000)
Transfer out/capital funds	(3,800)	-	-	-	(3,800)
Transfer out/Central Garage (debt)	(65,000)	(65,000)	(72,500)	(72,500)	(72,500)
Interest and agent fees	(191,700)	(182,961)	(177,833)	(162,300)	(212,717)
Total Other Sources (Uses)	\$ (358,400)	\$ (344,261)	\$ (383,833)	\$ (381,200)	\$ (465,517)
Contributed capital assets	-	-	-	-	-
Net change	(108,312)	(18,232)	45,936	132,305	160,262
Net assets at year-end	\$ 12,378,756	\$ 12,360,524	\$ 12,406,460	\$ 12,538,765	\$ 12,699,027
Rate increase (middle tier)	10.00%	10.00%	5.00%	5.00%	5.00%
Change in user charges	22.7%	7.8%	5.0%	5.1%	4.9%
Cash balance	\$ 2,825,097	\$ 2,929,087	\$ 2,925,477	\$ 3,570,694	\$ 4,045,473
Months of operating/capital coverage	11.9	12.3	12.1	3.5	14.7
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
General transfer percent of gross assets	0.64%	0.69%	0.74%	0.79%	0.66%
Capital costs	\$ 1,059,000	\$ 303,000	\$ 286,000	\$ 283,000	\$ 9,521,000
Debt issued	\$ -	\$ 390,000	\$ -	\$ 570,000	\$ 9,610,000
Debt payments (principal)	\$ 460,000	\$ 550,000	\$ 380,000	\$ 390,000	\$ 395,000
Debt balance (year end)	\$ 5,250,000	\$ 5,090,000	\$ 4,710,000	\$ 4,890,000	\$ 14,105,000
Gallons sold (000)	950,000	950,000	950,000	950,000	950,000
Average residential gallons (qtr)	-	-	-	-	-
Customer accounts	8,779	8,779	8,779	8,779	8,779

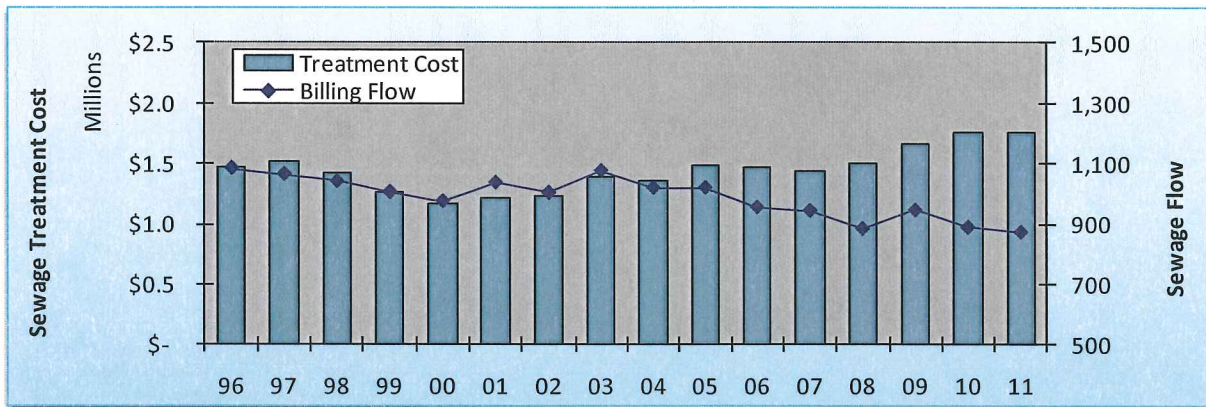
Water Fund	Projected	Projected	Projected	Projected	Projected
Operating Projections	2016	2017	2018	2019	2020
Revenue					
User charges	\$ 3,141,885	\$ 3,299,618	\$ 3,463,929	\$ 3,530,726	\$ 3,601,269
Facility charges	5,000	5,000	5,000	5,000	5,000
Meter sales	4,000	4,000	4,000	4,000	4,000
Other	7,500	7,500	7,500	7,500	7,500
Total Revenue	\$ 3,158,385	\$ 3,316,118	\$ 3,480,429	\$ 3,547,226	\$ 3,617,769
Expense					
Operations	1,574,507	1,630,690	1,689,410	1,751,520	1,816,140
Meters	15,000	10,000	10,000	10,000	10,000
Depreciation	743,500	835,900	832,700	826,100	828,300
Total Expense	\$ 2,333,007	\$ 2,476,590	\$ 2,532,110	\$ 2,587,620	\$ 2,654,440
Operating income (loss)	825,378	839,528	948,319	959,606	963,329
Other Sources (Uses)					
Miscellaneous items	-	-	-	-	-
Interest earnings	75,000	89,000	91,300	96,300	101,600
Transfer out/General fund	(265,000)	(295,000)	(325,000)	(350,000)	(365,000)
Transfer out/capital funds	-	-	-	-	-
Transfer out/Central Garage (debt)	(72,500)	(72,500)	(72,500)	(72,500)	(72,500)
Interest and agent fees	(592,341)	(564,789)	(536,640)	(506,811)	(474,677)
Total Other Sources (Uses)	\$ (854,841)	\$ (843,289)	\$ (842,840)	\$ (833,011)	\$ (810,577)
Contributed capital assets	-	-	-	-	-
Net change	(29,463)	(3,761)	105,479	126,595	152,752
Net assets at year-end	\$ 12,669,564	\$ 12,665,803	\$ 12,771,282	\$ 12,897,877	\$ 13,050,629
Rate increase (middle tier)	12.00%	5.00%	5.00%	2.00%	2.00%
Change in user charges	11.9%	5.0%	5.0%	1.9%	2.0%
Cash balance	\$ 3,969,212	\$ 4,011,346	\$ 4,063,047	\$ 3,958,668	\$ 4,003,633
Months of operating/capital coverage	13.7	13.4	12.9	11.0	12.5
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
General transfer percent of gross assets	0.74%	0.83%	0.91%	0.97%	0.99%
Capital costs	\$ 42,000	\$ 60,000	\$ 122,000	\$ 266,000	\$ 745,000
Debt issued	\$ -	\$ -	\$ -	\$ -	\$ 630,000
Debt payments (principal)	\$ 680,000	\$ 695,000	\$ 730,000	\$ 775,000	\$ 805,000
Debt balance (year end)	\$ 13,425,000	\$ 12,730,000	\$ 12,000,000	\$ 11,225,000	\$ 11,050,000
Gallons sold (000)	950,000	950,000	950,000	950,000	950,000
Average residential gallons (qtr)	-	-	-	-	-
Customer accounts	8,779	8,779	8,779	8,779	8,779

Water Fund	Projected	Projected	Projected	Projected	Projected
Operating Projections	2021	2022	2023	2024	2025
Revenue					
User charges	\$ 3,673,965	\$ 3,747,051	\$ 3,820,120	\$ 3,893,688	\$ 3,972,953
Facility charges	5,000	5,000	5,000	5,000	5,000
Meter sales	4,000	4,000	4,000	4,000	4,000
Other	7,500	7,500	7,500	7,500	7,500
Total Revenue	\$ 3,690,465	\$ 3,763,551	\$ 3,836,620	\$ 3,910,188	\$ 3,989,453
Expense					
Operations	1,883,910	1,955,370	2,030,360	2,109,300	2,192,630
Meters	10,000	10,000	10,000	10,000	10,000
Depreciation	822,000	816,100	805,900	795,600	785,300
Total Expense	\$ 2,715,910	\$ 2,781,470	\$ 2,846,260	\$ 2,914,900	\$ 2,987,930
Operating income (loss)	974,555	982,081	990,360	995,288	1,001,523
Other Sources (Uses)					
Miscellaneous items	-	-	-	-	-
Interest earnings	102,900	108,100	108,700	108,800	112,200
Transfer out/General fund	(380,000)	(395,000)	(410,000)	(425,000)	(440,000)
Transfer out/capital funds	-	-	-	-	-
Transfer out/Central Garage (debt)	(72,500)	(72,500)	(72,500)	(72,500)	(72,500)
Interest and agent fees	(466,292)	(430,021)	(394,934)	(360,822)	(325,144)
Total Other Sources (Uses)	\$ (815,892)	\$ (789,421)	\$ (768,734)	\$ (749,522)	\$ (725,444)
Contributed capital assets	-	-	-	-	-
Net change	158,663	192,660	221,626	245,766	276,079
Net assets at year-end	\$ 13,209,292	\$ 13,401,952	\$ 13,623,578	\$ 13,869,344	\$ 14,145,423
Rate increase (middle tier)	2.00%	2.00%	2.00%	2.00%	2.00%
Change in user charges	2.0%	2.0%	2.0%	1.9%	2.0%
Cash balance	\$ 3,883,523	\$ 3,750,328	\$ 3,738,971	\$ 3,722,362	\$ 3,763,695
Months of operating/capital coverage	11.9	11.6	11.3	9.7	10.2
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
General transfer percent of gross assets	1.03%	1.06%	1.10%	1.13%	1.15%
Capital costs	\$ 219,000	\$ 229,000	\$ 158,000	\$ 213,000	\$ 768,000
Debt issued	\$ -	\$ -	\$ -	\$ -	\$ 630,000
Debt payments (principal)	\$ 865,000	\$ 895,000	\$ 865,000	\$ 830,000	\$ 865,000
Debt balance (year end)	\$ 10,185,000	\$ 9,290,000	\$ 8,425,000	\$ 7,595,000	\$ 7,360,000
Gallons sold (000)	950,000	950,000	950,000	950,000	950,000
Average residential gallons (qtr)	-	-	-	-	-
Customer accounts	8,779	8,779	8,779	8,779	8,779

Water Fund	Projected	Projected	Projected	Projected	Projected
Operating Projections	2026	2027	2028	2029	2030
Revenue					
User charges	\$ 4,090,894	\$ 4,212,865	\$ 4,341,466	\$ 4,494,131	\$ 4,651,761
Facility charges	5,000	5,000	5,000	5,000	5,000
Meter sales	4,000	4,000	4,000	4,000	4,000
Other	7,500	7,500	7,500	7,500	7,500
Total Revenue	\$ 4,107,394	\$ 4,229,365	\$ 4,357,966	\$ 4,510,631	\$ 4,668,261
Expense					
Operations	2,280,300	2,373,000	2,471,040	2,574,460	2,684,080
Meters	10,000	10,000	10,000	10,000	10,000
Depreciation	781,000	777,000	788,800	856,600	901,900
Total Expense	\$ 3,071,300	\$ 3,160,000	\$ 3,269,840	\$ 3,441,060	\$ 3,595,980
Operating income (loss)	1,036,094	1,069,365	1,088,126	1,069,571	1,072,281
Other Sources (Uses)					
Miscellaneous items	-	-	-	-	-
Interest earnings	111,700	112,900	108,100	108,500	115,500
Transfer out/General fund	(455,000)	(460,000)	(475,000)	(490,000)	(500,000)
Transfer out/capital funds	-	-	-	-	-
Transfer out/Central Garage (debt)	(72,500)	(72,500)	(72,500)	(72,500)	(45,000)
Interest and agent fees	(321,700)	(293,000)	(264,500)	(387,500)	(352,300)
Total Other Sources (Uses)	\$ (737,500)	\$ (712,600)	\$ (703,900)	\$ (841,500)	\$ (781,800)
Contributed capital assets	-	-	-	-	-
Net change	298,594	356,765	384,226	228,071	290,481
Net assets at year-end	\$ 14,444,017	\$ 14,800,782	\$ 15,185,008	\$ 15,413,079	\$ 15,703,560
Rate increase (middle tier)	3.00%	3.00%	3.00%	3.50%	3.50%
Change in user charges	3.0%	3.0%	3.1%	3.5%	3.5%
Cash balance	\$ 3,603,279	\$ 3,616,334	\$ 3,849,460	\$ 3,625,551	\$ 3,467,472
Months of operating/capital coverage	9.8	5.3	9.5	8.6	7.4
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
General transfer percent of gross assets	1.17%	1.17%	1.10%	1.12%	1.13%
Capital costs	\$ 495,000	\$ 445,000	\$ 4,059,000	\$ 472,000	\$ 537,000
Debt issued	\$ -	\$ -	\$ 3,780,000	\$ -	\$ -
Debt payments (principal)	\$ 725,000	\$ 655,000	\$ 640,000	\$ 810,000	\$ 785,000
Debt balance (year end)	\$ 6,635,000	\$ 5,980,000	\$ 9,120,000	\$ 8,310,000	\$ 7,525,000
Gallons sold (000)	950,000	950,000	950,000	950,000	950,000
Average residential gallons (qtr)	-	-	-	-	-
Customer accounts	8,779	8,779	8,779	8,779	8,779

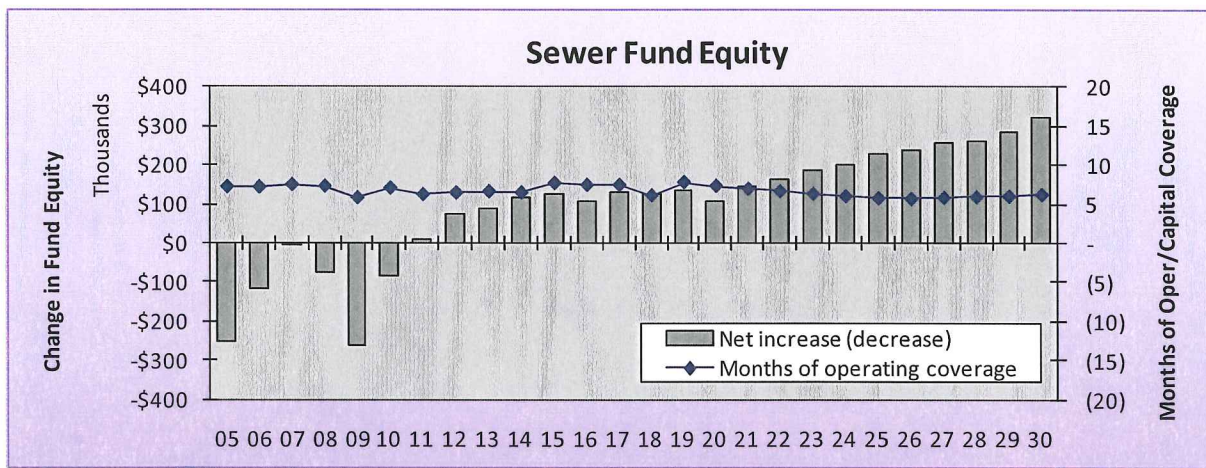
Sewer Fund Operations

The City's Sewer Fund accounts for the collection and treatment of wastewater (sewage) from homes and businesses throughout the community. Sewage is routed or pumped into facilities owned and operated by Metropolitan Council Environmental Services. Sewer rates are designed to reward low volume customers with lower costs, and to charge high volume customers more because they contribute more flow to the sewer system. As shown in the graph below, even though sewage flow has declined, sewage treatment costs continue to rise.



Groundwater infiltration and storm water inflow, particularly during periods of heavy rain, impact sewage flows as well. Cracks in sewer lines, openings in manholes, and connections of roof drains to the sewer system allow water to flow directly into sewer pipes, driving up flows and sewage treatment costs. In an effort to reduce sewage flow the City is actively working to evaluate sewer lines and is using relining techniques to repair lines more effectively. The City recently completed a commercial roof and residential sump pump inspection program in an effort to identify inappropriate discharge into the sewer system and further reduce sewage flows.

The graph below and the operating projections on the pages that follow show that planned adjustments to the City's sewer rates will adequately support operations and capital costs over the next 20 years.



Sewer Fund	Actual	Actual	Actual	Actual	Actual	Estimated
Operating Projections	2005	2006	2007	2008	2009	2010
Revenue						
User charges	\$ 2,444,623	\$ 2,575,807	\$ 2,688,544	\$ 2,841,078	\$ 3,116,993	\$ 3,230,000
Facility charges	14,357	37,901	2,793	4,636	2,655	3,200
Other	3,426	2,335	4,577	3,286	31,959	12,000
Total Revenue	\$ 2,462,406	\$ 2,616,043	\$ 2,695,914	\$ 2,849,000	\$ 3,151,607	\$ 3,245,200
Expense						
Operations	929,252	983,068	977,660	1,093,256	1,356,292	1,159,029
Sewage treatment	1,492,122	1,472,338	1,438,485	1,496,964	1,657,474	1,757,600
Depreciation	211,236	226,161	243,644	251,630	265,557	286,000
Total Expense	\$ 2,632,610	\$ 2,681,567	\$ 2,659,789	\$ 2,841,850	\$ 3,279,323	\$ 3,202,629
Operating income (loss)	(170,204)	(65,524)	36,125	7,150	(127,716)	42,571
Other Sources (Uses)						
Miscellaneous items	-	1,714	-	(362)	-	-
Interest earnings	50,714	88,847	103,979	74,581	35,907	50,000
Transfer out/General fund	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)	(121,000)
Transfer out/capital funds	(3,190)	-	-	-	-	(6,000)
Transfer out/Central Garage (debt)	-	-	-	-	-	-
Interest and agent fees	(10,923)	(21,362)	(23,635)	(34,913)	(50,951)	(50,400)
Total Other Sources (Uses)	\$ (83,399)	\$ (50,801)	\$ (39,656)	\$ (80,694)	\$ (135,044)	\$ (127,400)
Contributed capital assets	-	-	200,000	24,000	318,200	-
Net change	(253,603)	(116,325)	196,469	(49,544)	55,440	(84,829)
Net assets at year-end	\$ 7,152,422	\$ 7,036,097	\$ 7,232,566	\$ 7,183,022	\$ 7,238,462	\$ 7,153,633
Rate increase (middle tier)	4.6%	5.5%	5.7%	6.2%	10.0%	6.0%
Change in user revenue	4.7%	5.4%	4.4%	5.7%	9.7%	3.6%
Cash balance	\$ 1,854,669	\$ 1,939,084	\$ 1,928,594	\$ 2,483,341	\$ 1,784,149	\$ 2,537,476
Months of operating/capital coverage	7.2	7.2	7.5	7.3	5.9	7.1
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ 509,212	\$ -	\$ -
General transfer percent of gross assets	1.19%	1.16%	1.09%	1.08%	0.99%	0.98%
Capital costs	\$ 435,113	\$ 256,032	\$ 427,853	\$ 96,295	\$ 633,862	\$ 267,000
Debt issued	\$ -	\$ 270,000	\$ 260,000	\$ 580,000	\$ -	\$ 985,000
Debt payments (principal)	\$ 30,000	\$ 30,000	\$ 30,000	\$ 45,000	\$ 55,000	\$ 80,000
Debt balance (year end)	\$ 365,000	\$ 605,000	\$ 835,000	\$ 1,370,000	\$ 1,315,000	\$ 2,220,000
Commercial gallons (000)	96,261	100,357	95,704	92,068	89,834	90,500
Customer accounts	8,808	8,791	8,786	8,767	8,781	8,780

Sewer Fund	Projected	Projected	Projected	Projected	Projected
Operating Projections	2011	2012	2013	2014	2015
Revenue					
User charges	\$ 3,530,000	\$ 3,669,613	\$ 3,814,490	\$ 3,965,737	\$ 4,122,119
Facility charges	3,200	2,500	2,000	1,500	1,000
Other	2,500	2,500	2,500	2,500	2,500
Total Revenue	\$ 3,535,700	\$ 3,674,613	\$ 3,818,990	\$ 3,969,737	\$ 4,125,619
Expense					
Operations	1,237,558	1,244,617	1,283,189	1,328,336	1,369,851
Sewage treatment	1,764,000	1,835,000	1,903,000	1,989,000	2,079,000
Depreciation	305,000	318,000	320,000	323,000	336,000
Total Expense	\$ 3,306,558	\$ 3,397,617	\$ 3,506,189	\$ 3,640,336	\$ 3,784,851
Operating income (loss)	229,142	276,996	312,801	329,401	340,768
Other Sources (Uses)					
Miscellaneous items	-	-	-	-	-
Interest earnings	36,000	51,000	39,000	42,000	44,000
Transfer out/General fund	(122,000)	(123,000)	(124,000)	(125,000)	(126,000)
Transfer out/capital funds	(3,800)	-	-	-	(3,800)
Transfer out/Central Garage (debt)	(65,000)	(65,000)	(72,500)	(72,500)	(72,500)
Interest and agent fees	(64,950)	(64,192)	(65,715)	(56,835)	(58,654)
Total Other Sources (Uses)	\$ (219,750)	\$ (201,192)	\$ (223,215)	\$ (212,335)	\$ (216,954)
Contributed capital assets	-	-	-	-	-
Net change	9,392	75,804	89,586	117,066	123,814
Net assets at year-end	\$ 7,163,025	\$ 7,238,829	\$ 7,328,415	\$ 7,445,481	\$ 7,569,295
Rate increase (middle tier)	10.0%	4.0%	4.0%	4.0%	4.0%
Change in user revenue	9.3%	4.0%	3.9%	4.0%	3.9%
Cash balance	\$ 1,941,482	\$ 2,081,767	\$ 2,216,534	\$ 2,538,505	\$ 2,811,067
Months of operating/capital coverage	6.3	6.5	6.6	6.5	7.7
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
General transfer percent of gross assets	0.93%	0.94%	0.94%	0.94%	0.90%
Capital costs	\$ 745,000	\$ 71,000	\$ 91,000	\$ 110,000	\$ 640,000
Debt issued	\$ -	\$ -	\$ -	\$ 190,000	\$ 660,000
Debt payments (principal)	\$ 90,000	\$ 145,000	\$ 155,000	\$ 160,000	\$ 175,000
Debt balance (year end)	\$ 2,130,000	\$ 1,985,000	\$ 1,830,000	\$ 1,860,000	\$ 2,345,000
Commercial gallons (000)	93,700	93,700	93,700	93,700	93,700
Customer accounts	8,780	8,780	8,780	8,780	8,780

Sewer Fund	Projected	Projected	Projected	Projected	Projected
Operating Projections	2016	2017	2018	2019	2020
Revenue					
User charges	\$ 4,274,299	\$ 4,431,716	\$ 4,595,207	\$ 4,765,119	\$ 4,940,892
Facility charges	500	-	-	-	-
Other	2,500	2,500	2,500	2,500	2,500
Total Revenue	\$ 4,277,299	\$ 4,434,216	\$ 4,597,707	\$ 4,767,619	\$ 4,943,392
Expense					
Operations	1,413,902	1,463,026	1,514,153	1,567,242	1,623,050
Sewage treatment	2,173,000	2,272,000	2,375,000	2,482,000	2,594,000
Depreciation	339,000	343,000	365,000	364,000	374,000
Total Expense	\$ 3,925,902	\$ 4,078,026	\$ 4,254,153	\$ 4,413,242	\$ 4,591,050
Operating income (loss)	351,397	356,190	343,554	354,377	352,342
Other Sources (Uses)					
Miscellaneous items	-	-	-	-	-
Interest earnings	53,000	62,000	65,000	69,000	76,000
Transfer out/General fund	(127,000)	(128,000)	(129,000)	(130,000)	(132,000)
Transfer out/capital funds	-	-	-	-	-
Transfer out/Central Garage (debt)	(72,500)	(72,500)	(72,500)	(72,500)	(72,500)
Interest and agent fees	(96,373)	(89,223)	(82,396)	(85,176)	(118,152)
Total Other Sources (Uses)	\$ (242,873)	\$ (227,723)	\$ (218,896)	\$ (218,676)	\$ (246,652)
Contributed capital assets	-	-	-	-	-
Net change	108,524	128,467	124,658	135,701	105,691
Net assets at year-end	\$ 7,677,819	\$ 7,806,286	\$ 7,930,944	\$ 8,066,645	\$ 8,172,335
Rate increase (middle tier)	3.8%	3.8%	3.7%	3.8%	3.8%
Change in user revenue	3.7%	3.7%	3.7%	3.7%	3.7%
Cash balance	\$ 2,833,979	\$ 2,877,520	\$ 3,021,887	\$ 3,348,351	\$ 3,290,731
Months of operating/capital coverage	7.4	7.4	6.1	7.8	7.3
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
General transfer percent of gross assets	0.90%	0.89%	0.89%	0.83%	0.83%
Capital costs	\$ 175,000	\$ 205,000	\$ 117,000	\$ 1,208,000	\$ 255,000
Debt issued	\$ -	\$ -	\$ -	\$ 1,260,000	\$ -
Debt payments (principal)	\$ 210,000	\$ 180,000	\$ 185,000	\$ 190,000	\$ 235,000
Debt balance (year end)	\$ 2,135,000	\$ 1,955,000	\$ 1,770,000	\$ 2,840,000	\$ 2,605,000
Commercial gallons (000)	93,700	93,700	93,700	93,700	93,700
Customer accounts	8,780	8,780	8,780	8,780	8,780

Sewer Fund	Projected	Projected	Projected	Projected	Projected
Operating Projections	2021	2022	2023	2024	2025
Revenue					
User charges	\$ 5,135,254	\$ 5,337,509	\$ 5,548,206	\$ 5,767,233	\$ 5,994,920
Facility charges	-	-	-	-	-
Other	2,500	2,500	2,500	2,500	2,500
Total Revenue	\$ 5,137,754	\$ 5,340,009	\$ 5,550,706	\$ 5,769,733	\$ 5,997,420
Expense					
Operations	1,681,467	1,742,842	1,807,100	1,874,629	1,945,796
Sewage treatment	2,711,000	2,834,000	2,962,000	3,096,000	3,236,000
Depreciation	374,000	383,000	385,000	395,000	395,000
Total Expense	\$ 4,766,467	\$ 4,959,842	\$ 5,154,100	\$ 5,365,629	\$ 5,576,796
Operating income (loss)	371,287	380,167	396,606	404,104	420,624
Other Sources (Uses)					
Miscellaneous items	-	-	-	-	-
Interest earnings	87,000	89,000	90,000	92,000	96,000
Transfer out/General fund	(134,000)	(136,000)	(139,000)	(142,000)	(145,000)
Transfer out/capital funds	-	-	-	-	-
Transfer out/Central Garage (debt)	(72,500)	(72,500)	(72,500)	(72,500)	(72,500)
Interest and agent fees	(108,619)	(98,285)	(88,457)	(79,449)	(69,524)
Total Other Sources (Uses)	\$ (228,119)	\$ (217,785)	\$ (209,957)	\$ (201,949)	\$ (191,024)
Contributed capital assets	-	-	-	-	-
Net change	143,168	162,382	186,649	202,155	229,600
Net assets at year-end	\$ 8,315,503	\$ 8,477,884	\$ 8,664,534	\$ 8,866,688	\$ 9,096,289
Rate increase (middle tier)	4.0%	4.0%	4.0%	4.0%	4.0%
Change in user revenue	3.9%	3.9%	3.9%	3.9%	3.9%
Cash balance	\$ 3,202,831	\$ 3,165,797	\$ 3,196,407	\$ 3,113,692	\$ 3,122,490
Months of operating/capital coverage	6.9	6.7	6.3	6.0	5.8
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
General transfer percent of gross assets	0.82%	0.82%	0.83%	0.83%	0.83%
Capital costs	\$ 312,000	\$ 269,000	\$ 246,000	\$ 393,000	\$ 321,000
Debt issued	\$ -	\$ -	\$ -	\$ -	\$ -
Debt payments (principal)	\$ 240,000	\$ 260,000	\$ 240,000	\$ 230,000	\$ 235,000
Debt balance (year end)	\$ 2,365,000	\$ 2,105,000	\$ 1,865,000	\$ 1,635,000	\$ 1,400,000
Commercial gallons (000)	93,700	93,700	93,700	93,700	93,700
Customer accounts	8,780	8,780	8,780	8,780	8,780

Sewer Fund	Projected	Projected	Projected	Projected	Projected
Operating Projections	2026	2027	2028	2029	2030
Revenue					
User charges	\$ 6,231,881	\$ 6,478,375	\$ 6,734,833	\$ 7,000,878	\$ 7,277,541
Facility charges	-	-	-	-	-
Other	2,500	2,500	2,500	2,500	2,500
Total Revenue	\$ 6,234,381	\$ 6,480,875	\$ 6,737,333	\$ 7,003,378	\$ 7,280,041
Expense					
Operations	2,020,805	2,099,648	2,182,859	2,270,524	2,362,991
Sewage treatment	3,383,000	3,536,000	3,696,000	3,863,000	4,037,000
Depreciation	405,000	405,000	415,000	415,000	425,000
Total Expense	\$ 5,808,805	\$ 6,040,648	\$ 6,293,859	\$ 6,548,524	\$ 6,824,991
Operating income (loss)	425,576	440,227	443,474	454,854	455,050
Other Sources (Uses)					
Miscellaneous items	-	-	-	-	-
Interest earnings	93,000	94,000	94,000	100,000	106,000
Transfer out/General fund	(148,000)	(151,000)	(154,000)	(157,000)	(160,000)
Transfer out/capital funds	-	-	-	-	-
Transfer out/Central Garage (debt)	(72,500)	(72,500)	(72,500)	(72,500)	(45,000)
Interest and agent fees	(61,480)	(54,400)	(48,400)	(41,600)	(34,800)
Total Other Sources (Uses)	\$ (188,980)	\$ (183,900)	\$ (180,900)	\$ (171,100)	\$ (133,800)
Contributed capital assets	-	-	-	-	-
Net change	236,596	256,327	262,574	283,754	321,250
Net assets at year-end	\$ 9,332,885	\$ 9,589,212	\$ 9,851,786	\$ 10,135,540	\$ 10,456,790
Rate increase (middle tier)	4.0%	4.0%	4.0%	4.0%	4.0%
Change in user revenue	4.0%	4.0%	4.0%	4.0%	4.0%
Cash balance	\$ 3,145,356	\$ 3,346,713	\$ 3,543,877	\$ 3,704,691	\$ 3,951,171
Months of operating/capital coverage	5.7	5.9	5.9	6.0	6.2
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
General transfer percent of gross assets	0.83%	0.83%	0.84%	0.84%	0.84%
Capital costs	\$ 359,000	\$ 277,000	\$ 285,000	\$ 334,000	\$ 303,000
Debt issued	\$ -	\$ -	\$ -	\$ -	\$ -
Debt payments (principal)	\$ 200,000	\$ 120,000	\$ 130,000	\$ 135,000	\$ 125,000
Debt balance (year end)	\$ 1,200,000	\$ 1,080,000	\$ 950,000	\$ 815,000	\$ 690,000
Commercial gallons (000)	93,700	93,700	93,700	93,700	93,700
Customer accounts	8,780	8,780	8,780	8,780	8,780

Surface Water Management Operations

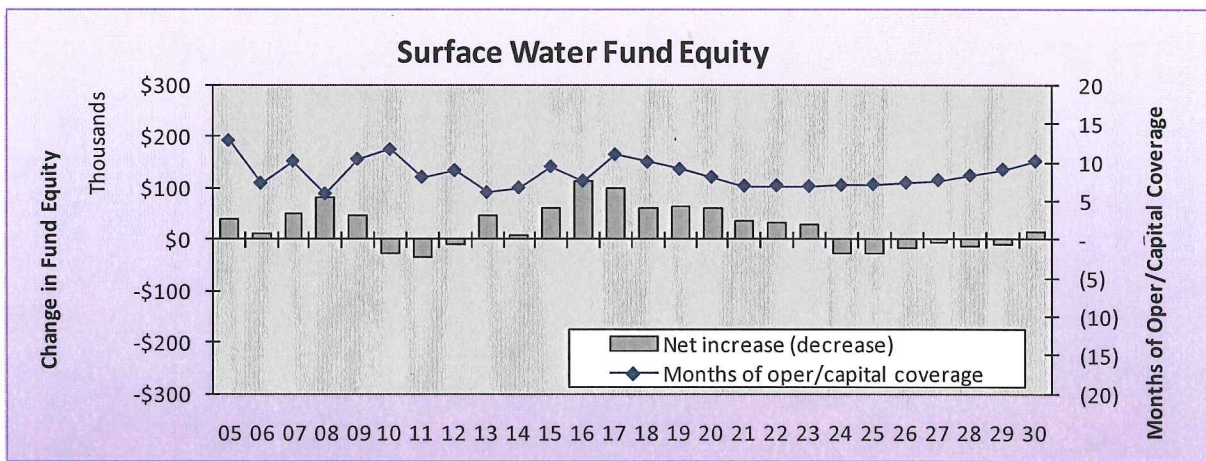
The City's surface water system collects and directs storm water runoff and provides protections for ground water quality. The program is designed to preserve and use natural water storage and retention systems as much as practical to reduce capital expenditures necessary to:

- Control excessive volumes and rates of runoff
- Improve ground water quality
- Prevent flooding and erosion from surface water flows
- Promote ground water recharge
- Protect and enhance fish and wildlife habitat
- Protect lake water quality

The program seeks to prevent flooding and improve ground water quality through utilization of wetlands, ponds and artificial detention areas. Wetland management allows the City to improve water quality and reduce City maintenance efforts through efforts such as sediment removal.

Significant surface water system costs planned for the near future include: storm system repairs and replacements, improvements, pond dredging, lift station controls, and storm improvements in conjunction with street renewal projects.

The graph below and the operating projections on the pages on the following pages show that planned adjustments to the City's surface water rates will adequately support operating and capital costs over the next 20 years.



Surface Water Fund	Actual	Actual	Actual	Actual	Actual	Estimated
Operating Projections	2005	2006	2007	2008	2009	2010
Revenue						
User charges	\$ 589,757	\$ 612,947	\$ 656,750	\$ 723,966	\$ 797,540	\$ 870,000
Snail Lake augmentation	3,804	13,853	10,731	12,884	10,635	52,100
Other operating	5,815	5,355	16,906	13,117	936	5,000
Total Revenue	\$ 599,376	\$ 632,155	\$ 684,387	\$ 749,967	\$ 809,111	\$ 927,100
Expense						
Surface water operations	415,225	468,589	498,403	523,960	557,299	621,683
Snail Lake augmentation	6,420	23,400	18,123	21,797	7,951	42,086
Depreciation	130,263	140,903	151,543	159,159	169,816	192,000
Total Expense	\$ 551,908	\$ 632,892	\$ 668,069	\$ 704,916	\$ 735,066	\$ 855,769
Operating income (loss)	47,468	(737)	16,318	45,051	74,045	71,331
Other Sources (Uses)						
Miscellaneous items	-	286	20,512	49,638	-	-
Interest earnings	19,193	38,336	46,861	37,161	17,425	17,000
Transfer out/General fund	-	-	-	-	(20,000)	(40,000)
Transfer out/Central Garage (debt)	-	-	-	-	-	-
Interest and agent fees	(27,538)	(26,492)	(32,303)	(48,344)	(26,179)	(76,050)
Total Other Sources (Uses)	\$ (8,345)	\$ 12,130	\$ 35,070	\$ 38,455	\$ (28,754)	\$ (99,050)
Contributed capital assets	247,124	98,062	-	37,063	430,543	-
Net change	286,247	109,455	51,388	120,569	475,834	(27,719)
Net assets at year-end	\$6,611,161	\$6,720,616	\$6,772,004	\$6,892,573	\$7,368,407	\$7,340,688
Rate increase - homes	2.5%	3.2%	6.0%	10.0%	10.0%	10.0%
Change in user revenue	1.1%	3.9%	7.1%	10.2%	10.2%	9.1%
Cash balance	\$ 843,595	\$ 793,618	\$ 900,456	\$ 946,904	\$1,095,093	\$1,146,098
Months of operating/capital coverage	12.9	7.3	10.2	5.9	10.4	11.7
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ 8,977	\$ -	\$ -
General transfer percent of gross assets	0.0%	0.0%	0.0%	0.0%	0.2%	0.4%
Capital costs	\$ 72,563	\$ 128,157	\$ 603,385	\$ 309,673	\$1,142,600	\$ 289,200
Debt issued	\$ -	\$ -	\$ 600,000	\$ 230,000	\$1,180,000	\$ 355,000
Debt payments (principal)	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 110,000	\$ 130,000
Debt balance (year end)	\$ 895,000	\$ 815,000	\$1,335,000	\$1,485,000	\$2,555,000	\$2,780,000
Customer accounts	8,990	9,005	9,031	9,041	9,066	9,066

Surface Water Fund	Projected	Projected	Projected	Projected	Projected
Operating Projections	2011	2012	2013	2014	2015
Revenue					
User charges	\$ 960,600	\$ 1,054,500	\$ 1,158,400	\$ 1,272,400	\$ 1,335,200
Snail Lake augmentation	47,700	48,531	48,185	48,935	48,625
Other operating	5,000	4,000	-	-	-
Total Revenue	\$ 1,013,300	\$ 1,107,031	\$ 1,206,585	\$ 1,321,335	\$ 1,383,825
Expense					
Surface water operations	642,938	691,943	706,698	858,844	836,042
Snail Lake augmentation	32,053	34,561	35,054	35,630	36,236
Depreciation	208,000	218,000	223,000	228,000	235,000
Total Expense	\$ 882,991	\$ 944,504	\$ 964,752	\$ 1,122,474	\$ 1,107,278
Operating income (loss)	130,309	162,527	241,833	198,861	276,547
Other Sources (Uses)					
Miscellaneous items	-	-	-	-	-
Interest earnings	24,000	28,000	31,000	26,000	32,000
Transfer out/General fund	(50,000)	(60,000)	(75,000)	(85,000)	(90,000)
Transfer out/Central Garage (debt)	(47,000)	(47,000)	(51,900)	(51,900)	(51,900)
Interest and agent fees	(91,700)	(92,023)	(97,670)	(78,656)	(104,212)
Total Other Sources (Uses)	\$ (164,700)	\$ (171,023)	\$ (193,570)	\$ (189,556)	\$ (214,112)
Contributed capital assets	-	-	-	-	-
Net change	(34,391)	(8,496)	48,263	9,305	62,435
Net assets at year-end	\$ 7,306,297	\$ 7,297,801	\$ 7,346,064	\$ 7,355,369	\$ 7,417,804
Rate increase - homes	10.0%	10.0%	10.0%	10.0%	5.0%
Change in user revenue	10.4%	9.8%	9.9%	9.8%	4.9%
Cash balance	\$ 1,018,136	\$ 1,027,884	\$ 866,584	\$ 1,056,605	\$ 1,144,711
Months of operating/capital coverage	8.1	8.9	6.1	6.7	9.5
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
General transfer percent of gross assets	0.5%	0.6%	0.7%	0.7%	0.7%
Capital costs	\$ 106,000	\$ 369,000	\$ 189,000	\$ 372,000	\$ 541,900
Debt issued	\$ -	\$ 390,000	\$ -	\$ 590,000	\$ 570,000
Debt payments (principal)	\$ 225,000	\$ 255,000	\$ 275,000	\$ 285,000	\$ 280,000
Debt balance (year end)	\$ 2,555,000	\$ 2,690,000	\$ 2,415,000	\$ 2,720,000	\$ 3,010,000
Customer accounts	9,066	9,066	9,066	9,066	9,066

Surface Water Fund	Projected	Projected	Projected	Projected	Projected
Operating Projections	2016	2017	2018	2019	2020
Revenue					
User charges	\$ 1,368,200	\$ 1,401,900	\$ 1,436,600	\$ 1,472,100	\$ 1,508,600
Snail Lake augmentation	49,335	49,136	49,950	50,673	51,303
Other operating	-	-	-	-	-
Total Revenue	\$ 1,417,535	\$ 1,451,036	\$ 1,486,550	\$ 1,522,773	\$ 1,559,903
Expense					
Surface water operations	795,955	823,090	851,341	880,792	911,497
Snail Lake augmentation	36,849	37,845	38,840	39,851	40,879
Depreciation	246,000	268,000	278,000	288,000	303,000
Total Expense	\$ 1,078,804	\$ 1,128,935	\$ 1,168,181	\$ 1,208,643	\$ 1,255,376
Operating income (loss)	338,731	322,101	318,369	314,130	304,527
Other Sources (Uses)					
Miscellaneous items	-	-	-	-	-
Interest earnings	34,000	33,000	62,000	41,000	38,000
Transfer out/General fund	(100,000)	(105,000)	(110,000)	(115,000)	(120,000)
Transfer out/Central Garage (debt)	(51,900)	(51,900)	(51,900)	(51,900)	(51,900)
Interest and agent fees	(107,529)	(98,281)	(156,045)	(123,465)	(109,722)
Total Other Sources (Uses)	\$ (225,429)	\$ (222,181)	\$ (255,945)	\$ (249,365)	\$ (243,622)
Contributed capital assets	-	-	-	-	-
Net change	113,302	99,921	62,424	64,766	60,905
Net assets at year-end	\$ 7,531,106	\$ 7,631,027	\$ 7,693,451	\$ 7,758,216	\$ 7,819,121
Rate increase - homes	2.5%	2.5%	2.5%	2.5%	2.5%
Change in user revenue	2.5%	2.5%	2.5%	2.5%	2.5%
Cash balance	\$ 1,110,666	\$ 2,066,522	\$ 1,364,923	\$ 1,271,477	\$ 1,174,734
Months of operating/capital coverage	7.6	11.0	10.1	9.1	8.1
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
General transfer percent of gross assets	0.8%	0.8%	0.8%	0.9%	0.9%
Capital costs	\$ 114,130	\$ 369,000	\$ 760,000	\$ 130,000	\$ 137,000
Debt issued	\$ -	\$ 1,190,000	\$ -	\$ -	\$ -
Debt payments (principal)	\$ 320,000	\$ 275,000	\$ 340,000	\$ 360,000	\$ 365,000
Debt balance (year end)	\$ 2,690,000	\$ 3,605,000	\$ 3,265,000	\$ 2,905,000	\$ 2,540,000
Customer accounts	9,066	9,066	9,066	9,066	9,066

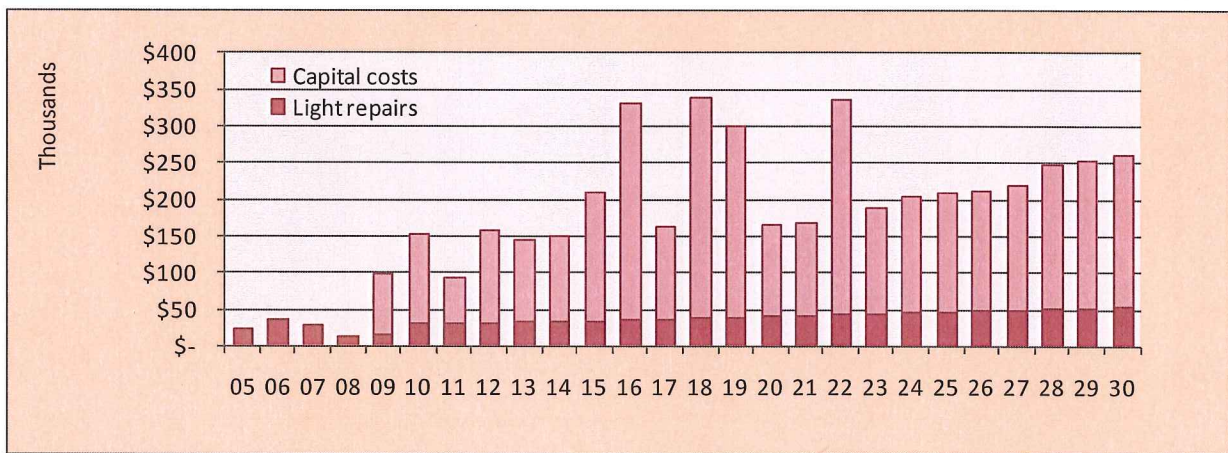
Surface Water Fund	Projected	Projected	Projected	Projected	Projected
Operating Projections	2021	2022	2023	2024	2025
Revenue					
User charges	\$ 1,545,800	\$ 1,584,200	\$ 1,623,200	\$ 1,663,400	\$ 1,704,700
Snail Lake augmentation	24,822	25,514	26,221	27,001	27,868
Other operating	-	-	-	-	-
Total Revenue	\$ 1,570,622	\$ 1,609,714	\$ 1,649,421	\$ 1,690,401	\$ 1,732,568
Expense					
Surface water operations	943,516	977,030	1,012,996	1,104,493	1,144,824
Snail Lake augmentation	41,929	43,098	44,292	45,611	47,074
Depreciation	313,000	323,000	333,000	343,000	353,000
Total Expense	\$ 1,298,445	\$ 1,343,128	\$ 1,390,288	\$ 1,493,104	\$ 1,544,898
Operating income (loss)	272,177	266,586	259,133	197,297	187,670
Other Sources (Uses)					
Miscellaneous items	-	-	-	-	-
Interest earnings	35,000	30,000	30,000	31,000	33,000
Transfer out/General fund	(125,000)	(130,000)	(135,000)	(140,000)	(140,000)
Transfer out/Central Garage (debt)	(51,900)	(51,900)	(51,900)	(51,900)	(51,900)
Interest and agent fees	(95,350)	(82,984)	(72,660)	(63,671)	(54,728)
Total Other Sources (Uses)	\$ (237,250)	\$ (234,884)	\$ (229,560)	\$ (224,571)	\$ (213,628)
Contributed capital assets	-	-	-	-	-
Net change	34,927	31,702	29,573	(27,274)	(25,958)
Net assets at year-end	\$ 7,854,048	\$ 7,885,750	\$ 7,915,323	\$ 7,888,049	\$ 7,862,091
Rate increase - homes	2.5%	2.5%	2.5%	2.5%	2.5%
Change in user revenue	2.5%	2.5%	2.5%	2.5%	2.5%
Cash balance	\$ 1,009,750	\$ 1,004,505	\$ 1,049,473	\$ 1,095,759	\$ 1,141,173
Months of operating/capital coverage	6.9	7.0	6.9	7.0	7.1
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
General transfer percent of gross assets	0.9%	0.9%	1.0%	1.0%	1.0%
Capital costs	\$ 174,000	\$ 141,000	\$ 78,000	\$ 80,000	\$ 82,000
Debt issued	\$ -	\$ -	\$ -	\$ -	\$ -
Debt payments (principal)	\$ 380,000	\$ 260,000	\$ 280,000	\$ 230,000	\$ 240,000
Debt balance (year end)	\$ 2,160,000	\$ 1,900,000	\$ 1,620,000	\$ 1,390,000	\$ 1,150,000
Customer accounts	9,066	9,066	9,066	9,066	9,066

Surface Water Fund	Projected	Projected	Projected	Projected	Projected
Operating Projections	2026	2027	2028	2029	2030
Revenue					
User charges	\$ 1,759,500	\$ 1,816,200	\$ 1,874,700	\$ 1,935,000	\$ 1,997,400
Snail Lake augmentation	28,812	29,835	30,880	31,951	33,108
Other operating	-	-	-	-	-
Total Revenue	\$ 1,788,312	\$ 1,846,035	\$ 1,905,580	\$ 1,966,951	\$ 2,030,508
Expense					
Surface water operations	1,188,184	1,233,263	1,280,591	1,330,295	1,382,413
Snail Lake augmentation	48,669	50,396	52,163	53,971	55,925
Depreciation	363,000	373,000	403,000	423,000	433,000
Total Expense	\$ 1,599,853	\$ 1,656,659	\$ 1,735,754	\$ 1,807,266	\$ 1,871,338
Operating income (loss)	188,459	189,376	169,826	159,685	159,170
Other Sources (Uses)					
Miscellaneous items	-	-	-	-	-
Interest earnings	34,000	36,000	39,000	44,000	49,000
Transfer out/General fund	(140,000)	(140,000)	(140,000)	(140,000)	(140,000)
Transfer out/Central Garage (debt)	(51,900)	(51,900)	(51,900)	(51,900)	(40,000)
Interest and agent fees	(46,180)	(37,600)	(29,200)	(21,800)	(14,400)
Total Other Sources (Uses)	\$ (204,080)	\$ (193,500)	\$ (182,100)	\$ (169,700)	\$ (145,400)
Contributed capital assets	-	-	-	-	-
Net change	(15,621)	(4,124)	(12,274)	(10,015)	13,770
Net assets at year-end	\$ 7,846,470	\$ 7,842,346	\$ 7,830,072	\$ 7,820,057	\$ 7,833,827
Rate increase - homes	3.3%	3.3%	3.3%	3.3%	3.3%
Change in user revenue	3.2%	3.2%	3.2%	3.2%	3.2%
Cash balance	\$ 1,206,859	\$ 1,310,463	\$ 1,462,338	\$ 1,632,783	\$ 1,883,464
Months of operating/capital coverage	7.3	7.7	8.3	9.1	10.2
Unspent bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
General transfer percent of gross assets	1.0%	1.0%	1.0%	1.0%	1.0%
Capital costs	\$ 84,000	\$ 87,000	\$ 90,000	\$ 93,000	\$ 96,000
Debt issued	\$ -	\$ -	\$ -	\$ -	\$ -
Debt payments (principal)	\$ 235,000	\$ 215,000	\$ 185,000	\$ 185,000	\$ 135,000
Debt balance (year end)	\$ 915,000	\$ 700,000	\$ 515,000	\$ 330,000	\$ 195,000
Customer accounts	9,066	9,066	9,066	9,066	9,066

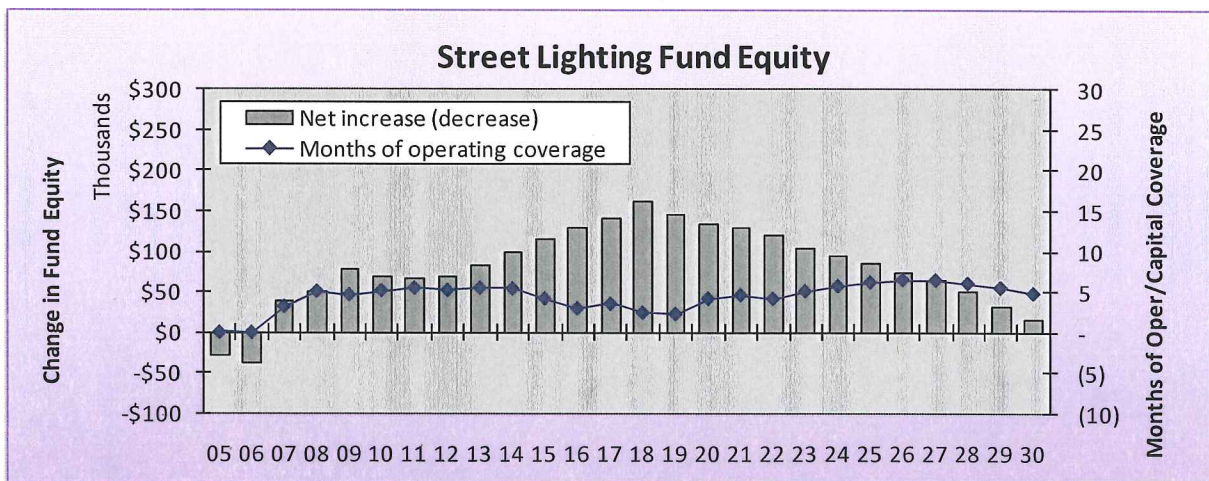
Street Lighting Operations

Street lighting operations provide support for safe vehicle and pedestrian traffic throughout the community and the system includes lights owned by the City as well as lights leased from Xcel Energy. The City's Street Lighting Fund was created in 2004 in an effort to recover operating and replacement costs through user fees. Operation and maintenance of the street lighting system includes periodic rewiring of lights, energy costs, street light repairs as well as complete replacement of lights.

Street light additions, replacements, repairs and energy costs have the most significant impact on the street lighting budget and rates. Repair and energy costs account for two-thirds of the street lighting budget, and replacement costs are expected to increase steadily as the oldest lights in the City are replaced.



The graph below and the operating projections on the pages that follow show that planned adjustments to the City's street lighting rates will adequately support operating and capital costs over the next 20 years.



Street Lighting Fund	Actual	Actual	Actual	Actual	Actual	Estimated
Operating Projections	2005	2006	2007	2008	2009	2010
Revenue						
User charges	\$ 197,102	\$ 218,112	\$ 232,375	\$ 302,600	\$ 333,903	\$ 347,000
Other	6	(11)	44	1,097	144	500
Total Revenue	\$ 197,108	\$ 218,101	\$ 232,419	\$ 303,697	\$ 334,047	\$ 347,500
Expense						
Operations	162,996	180,713	184,111	205,167	200,493	205,952
Street light repairs	24,680	36,930	29,606	13,109	16,610	30,000
Depreciation	38,137	39,223	40,871	38,825	38,353	39,000
Total Expense	\$ 225,813	\$ 256,866	\$ 254,588	\$ 257,101	\$ 255,456	\$ 274,952
Operating income (loss)	(28,705)	(38,765)	(22,169)	46,596	78,591	72,548
Other Sources (Uses)						
Interest earnings	-	262	1,036	3,982	2,445	3,000
Transfer in/General Fund	-	-	60,000	-	-	-
Transfer out/General Fund	-	-	-	-	(3,000)	(6,000)
Transfer out/Central Garage (debt)	-	-	-	-	-	-
Interest expense	-	(263)	(421)	-	-	-
Total Other Sources (Uses)	\$ -	\$ (1)	\$ 60,615	\$ 3,982	\$ (555)	\$ (3,000)
Contributed capital assets	95,053	-	-	-	110,000	-
Net change	66,348	(38,766)	38,446	50,578	188,036	69,548
Net assets at year-end	\$ 411,052	\$ 372,286	\$ 410,732	\$ 461,310	\$ 649,346	\$ 718,894
Rate increase	0.0%	10.0%	5.9%	30.0%	10.1%	4.0%
Cash balance	\$ 832	\$ 690	\$ 68,206	\$ 143,557	\$ 155,535	\$ 155,638
Months of operating/capital coverage	0.0	0.0	3.2	5.0	4.6	5.1
General transfer percent of net assets	0.00%	0.00%	0.00%	0.00%	0.20%	0.39%
Capital costs	\$ -	\$ -	\$ -	\$ -	\$ 82,981	\$ 122,250
Customer accounts	10,708	10,759	10,783	10,796	10,796	10,822
Acreage (commercial/industrial)	615	618	627	628	630	630

Street Lighting Fund	Projected	Projected	Projected	Projected	Projected
Operating Projections	2011	2012	2013	2014	2015
Revenue					
User charges	\$ 363,000	\$ 381,100	\$ 408,000	\$ 436,400	\$ 466,900
Other	500	500	500	500	500
Total Revenue	\$ 363,500	\$ 381,600	\$ 408,500	\$ 436,900	\$ 467,400
Expense					
Operations	210,923	220,286	227,192	234,271	242,108
Street light repairs	31,000	32,000	33,000	34,000	35,000
Depreciation	46,000	50,000	52,300	55,000	60,600
Total Expense	\$ 287,923	\$ 302,286	\$ 312,492	\$ 323,271	\$ 337,708
Operating income (loss)	75,577	79,314	96,008	113,629	129,692
Other Sources (Uses)					
Interest earnings	3,000	4,000	4,800	6,300	8,400
Transfer in/General Fund	-	-	-	-	-
Transfer out/General Fund	(9,000)	(12,000)	(15,000)	(18,000)	(20,000)
Transfer out/Central Garage (debt)	(3,600)	(3,600)	(4,000)	(4,000)	(4,000)
Interest expense	-	-	-	-	-
Total Other Sources (Uses)	\$ (9,600)	\$ (11,600)	\$ (14,200)	\$ (15,700)	\$ (15,600)
Contributed capital assets	-	-	-	-	-
Net change	65,977	67,714	81,808	97,929	114,092
Net assets at year-end	\$ 784,871	\$ 852,585	\$ 934,393	\$ 1,032,322	\$ 1,146,414
Rate increase	5.0%	5.0%	7.0%	7.0%	7.0%
Cash balance	\$ 201,871	\$ 191,160	\$ 210,104	\$ 241,168	\$ 235,095
Months of operating/capital coverage	5.5	5.2	5.4	5.4	4.2
General transfer percent of net assets	0.54%	0.67%	0.79%	0.87%	0.84%
Capital costs	\$ 63,450	\$ 125,650	\$ 111,000	\$ 117,350	\$ 176,000
Customer accounts	10,822	10,822	10,822	10,822	10,822
Acreage (commercial/industrial)	630	630	630	630	630

Street Lighting Fund	Projected	Projected	Projected	Projected	Projected
Operating Projections	2016	2017	2018	2019	2020
Revenue					
User charges	\$ 499,700	\$ 534,600	\$ 572,000	\$ 583,400	\$ 595,000
Other	500	-	-	-	-
Total Revenue	\$ 500,200	\$ 534,600	\$ 572,000	\$ 583,400	\$ 595,000
Expense					
Operations	250,470	261,790	273,654	286,088	299,125
Street light repairs	36,000	37,080	38,192	39,338	40,518
Depreciation	67,600	71,100	76,100	85,800	92,300
Total Expense	\$ 354,070	\$ 369,970	\$ 387,946	\$ 411,226	\$ 431,943
Operating income (loss)	146,130	164,630	184,054	172,174	163,057
Other Sources (Uses)					
Interest earnings	9,400	5,200	8,500	5,700	4,500
Transfer in/General Fund	-	-	-	-	-
Transfer out/General Fund	(22,500)	(24,000)	(27,000)	(29,000)	(30,000)
Transfer out/Central Garage (debt)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)
Interest expense	-	-	-	-	-
Total Other Sources (Uses)	\$ (17,100)	\$ (22,800)	\$ (22,500)	\$ (27,300)	\$ (29,500)
Contributed capital assets	-	-	-	-	-
Net change	129,030	141,830	161,554	144,874	133,557
Net assets at year-end	\$ 1,275,444	\$ 1,417,274	\$ 1,578,828	\$ 1,723,702	\$ 1,857,259
Rate increase	7.0%	7.0%	7.0%	2.0%	2.0%
Cash balance	\$ 130,173	\$ 211,305	\$ 143,080	\$ 112,398	\$ 212,975
Months of operating/capital coverage	3.0	3.5	2.4	2.3	4.2
General transfer percent of net assets	0.90%	0.86%	0.88%	0.91%	0.91%
Capital costs	\$ 296,177	\$ 127,000	\$ 300,000	\$ 260,337	\$ 124,000
Customer accounts	10,822	10,822	10,822	10,822	10,822
Acreage (commercial/industrial)	630	630	630	630	630

Street Lighting Fund	Projected	Projected	Projected	Projected	Projected
Operating Projections	2021	2022	2023	2024	2025
Revenue					
User charges	\$ 606,900	\$ 618,900	\$ 631,400	\$ 643,900	\$ 656,800
Other	-	-	-	-	-
Total Revenue	\$ 606,900	\$ 618,900	\$ 631,400	\$ 643,900	\$ 656,800
Expense					
Operations	312,790	327,119	342,146	357,905	374,435
Street light repairs	41,734	42,986	44,276	45,604	46,972
Depreciation	96,400	103,700	111,400	116,900	122,300
Total Expense	\$ 450,924	\$ 473,805	\$ 497,822	\$ 520,409	\$ 543,707
Operating income (loss)	155,976	145,095	133,578	123,491	113,093
Other Sources (Uses)					
Interest earnings	8,500	12,400	9,500	12,300	14,300
Transfer in/General Fund	-	-	-	-	-
Transfer out/General Fund	(32,000)	(34,000)	(36,000)	(37,000)	(38,000)
Transfer out/Central Garage (debt)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)
Interest expense	-	-	-	-	-
Total Other Sources (Uses)	\$ (27,500)	\$ (25,600)	\$ (30,500)	\$ (28,700)	\$ (27,700)
Contributed capital assets	-	-	-	-	-
Net change	128,476	119,495	103,078	94,791	85,393
Net assets at year-end	\$ 1,985,735	\$ 2,105,230	\$ 2,208,308	\$ 2,303,099	\$ 2,388,492
Rate increase	2.0%	2.0%	2.0%	2.0%	2.0%
Cash balance	\$ 309,311	\$ 237,255	\$ 306,621	\$ 357,779	\$ 401,919
Months of operating/capital coverage	4.6	4.2	5.1	5.7	6.2
General transfer percent of net assets	0.89%	0.91%	0.92%	0.91%	0.90%
Capital costs	\$ 127,000	\$ 293,620	\$ 144,000	\$ 159,000	\$ 162,000
Customer accounts	10,822	10,822	10,822	10,822	10,822
Acreage (commercial/industrial)	630	630	630	630	630

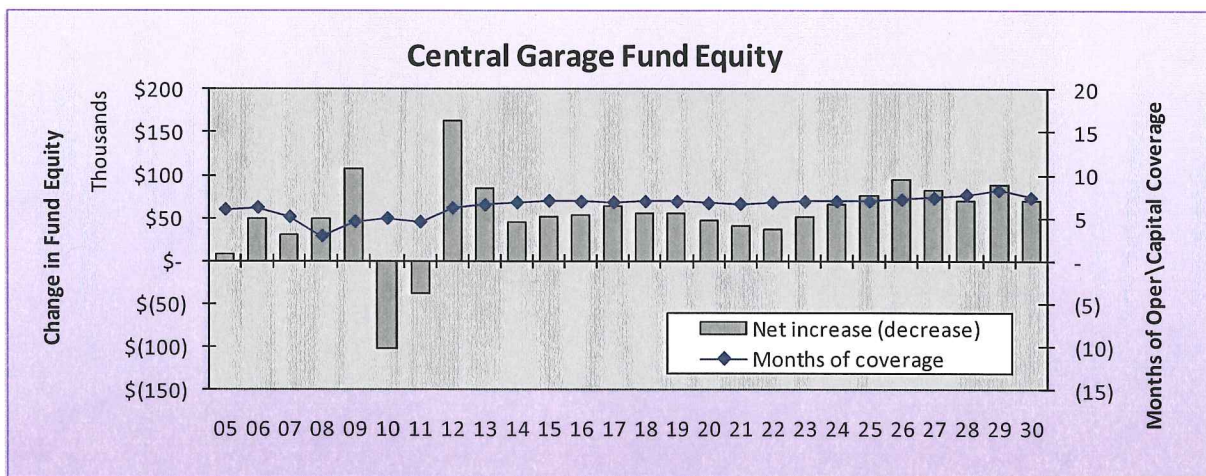
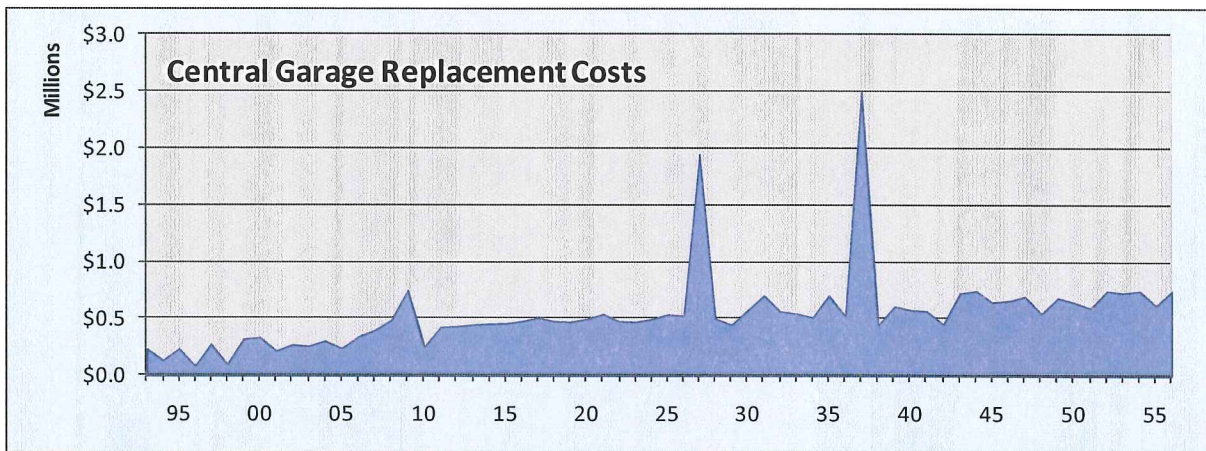
Street Lighting Fund	Projected	Projected	Projected	Projected	Projected
Operating Projections	2026	2027	2028	2029	2030
Revenue					
User charges	\$ 669,800	\$ 683,300	\$ 696,800	\$ 710,800	\$ 725,100
Other	-	-	-	-	-
Total Revenue	\$ 669,800	\$ 683,300	\$ 696,800	\$ 710,800	\$ 725,100
Expense					
Operations	391,777	409,975	429,071	449,114	470,154
Street light repairs	48,381	49,832	51,327	52,867	54,453
Depreciation	127,900	132,700	138,200	145,300	152,500
Total Expense	\$ 568,058	\$ 592,507	\$ 618,598	\$ 647,281	\$ 677,107
Operating income (loss)	101,742	90,793	78,202	63,519	47,993
Other Sources (Uses)					
Interest earnings	16,100	17,500	18,500	18,100	17,000
Transfer in/General Fund	-	-	-	-	-
Transfer out/General Fund	(40,000)	(41,000)	(43,000)	(45,000)	(45,000)
Transfer out/Central Garage (debt)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)
Interest expense	-	-	-	-	-
Total Other Sources (Uses)	\$ (27,900)	\$ (27,500)	\$ (28,500)	\$ (30,900)	\$ (32,000)
Contributed capital assets	-	-	-	-	-
Net change	73,842	63,293	49,702	32,619	15,993
Net assets at year-end	\$ 2,462,334	\$ 2,525,627	\$ 2,575,329	\$ 2,607,948	\$ 2,623,941
Rate increase	2.0%	2.0%	2.0%	2.0%	2.0%
Cash balance	\$ 437,116	\$ 462,703	\$ 451,339	\$ 425,820	\$ 387,134
Months of operating/capital coverage	6.5	6.4	6.0	5.5	4.8
General transfer percent of net assets	0.91%	0.89%	0.90%	0.90%	0.86%
Capital costs	\$ 165,000	\$ 169,000	\$ 198,000	\$ 202,000	\$ 206,000
Customer accounts	10,822	10,822	10,822	10,822	10,822
Acreage (commercial/industrial)	630	630	630	630	630

CENTRAL GARAGE FUND (Internal Service)

The Central Garage Fund supports operating costs, the acquisition and replacement of vehicles and equipment, and maintenance of the garage facility. In turn, operating funds and activities that use the equipment pay inter-fund charges (equipment and building fees) to the fund. These charges are revised annually and are set based on projected operating costs, capital replacement needs, and anticipated capital additions.

The strategy used by the City when establishing rental fees is to consider a long-range view, because the fees are designed to increase gradually over time. Since capital needs vary from year to year, it is desirable to smooth out the impact on operating funds to avoid sharp increases and decreases in the resources that ultimately finance rental charges. For this reason, fund equity and cash balances are expected to rise and fall from year to year. In order to ensure that adequate balances are preserved, the City has established a minimum guideline for Central Garage Fund cash balances equal to one half of annual operating costs.

Over the the next twenty years the Central Garage Fund will provide for the replacement of approximately \$11 million in garage assets. The first graph below shows historical and projected replacement costs. The second graph shows historical and projected changes in fund equity. Debt payments on the maintenance center bonds end in 2030.



Central Garage Fund	Actual	Actual	Actual	Actual	Actual	Estimated
Operating Projections	2005	2006	2007	2008	2009	2010
Revenue						
Property taxes (maint center debt)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	663,591	733,104	757,534	903,653	939,716	1,034,717
Total Revenue	\$ 663,591	\$ 733,104	\$ 757,534	\$ 903,653	\$ 939,716	\$1,034,717
Expense						
Vehicle/equipment operation	343,073	357,865	380,086	425,489	474,215	445,703
Service center operation	80,586	83,996	82,448	129,907	95,669	64,718
Depreciation	271,722	290,017	297,426	321,691	334,057	480,000
Total Expense	\$ 695,381	\$ 731,878	\$ 759,960	\$ 877,087	\$ 903,941	\$ 990,421
Operating income (loss)	(31,790)	1,226	(2,426)	26,566	35,775	44,296
Other Sources (Uses)						
Interest	12,289	26,760	34,733	16,679	8,532	35,000
Gain on sale of asset	27,135	27,603	7,317	30,690	60,749	30,000
Other revenue	-	-	-	-	2,881	-
Interest and agent fees	-	-	-	-	-	(201,004)
Other expenses	-	(5,414)	(4,133)	(25,207)	(1,063)	-
Transfers in/utility funds/debt	-	-	-	-	-	-
Transfers out/capital funds	-	-	(4,518)	-	-	(10,500)
Total Other Sources (Uses)	\$ 39,424	\$ 48,949	\$ 33,399	\$ 22,162	\$ 71,099	\$ (146,504)
Net Change	7,634	50,175	30,973	48,728	106,874	(102,208)
Fund equity, beginning	3,084,414	3,092,048	3,142,223	3,173,196	3,221,924	3,328,798
Fund equity, ending	\$3,092,048	\$3,142,223	\$3,173,196	\$3,221,924	\$3,328,798	\$3,226,590
Cash balance	\$ 547,430	\$ 609,903	\$ 595,926	\$ 407,962	\$ 505,373	\$ 794,103
Months of oper/debt/capital coverage [1]	6.0	6.3	5.2	3.0	4.6	5.0
Expense percent change	2.7%	5.2%	3.8%	15.4%	3.1%	9.6%
Annual average percent change (exp)						6.6%
Inter-fund charges percent change	5.5%	10.5%	3.3%	19.3%	4.0%	10.1%
Annual avg percent change (chgs)						8.8%
Capital costs	\$ 241,190	\$ 356,597	\$ 406,676	\$ 503,511	\$ 751,727	\$5,735,843
Debt issued	\$ -	\$ -	\$ -	\$ -	\$ -	\$5,615,000
Debt payments (principal)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt balance (year end)	\$ -	\$ -	\$ -	\$ -	\$ -	\$5,615,000
[1] Excluding maint center expansion proj						

Central Garage Fund	Projected	Projected	Projected	Projected	Projected
Operating Projections	2011	2012	2013	2014	2015
Revenue					
Property taxes (maint center debt)	\$ 98,000	\$ 216,000	\$ 184,000	\$ 184,000	\$ 208,000
Intergovernmental	-	120,715	86,531	85,571	83,920
Charges for services	1,109,816	1,109,816	1,109,816	1,109,816	1,109,816
Total Revenue	\$ 1,207,816	\$ 1,446,531	\$ 1,380,347	\$ 1,379,387	\$ 1,401,736
Expense					
Vehicle/equipment operation	467,234	487,030	507,619	530,930	555,698
Service center operation	95,548	98,836	102,966	106,286	111,773
Depreciation	646,000	673,000	696,000	716,000	715,000
Total Expense	\$ 1,208,782	\$ 1,258,866	\$ 1,306,585	\$ 1,353,216	\$ 1,382,471
Operating income (loss)	(966)	187,665	73,762	26,171	19,265
Other Sources (Uses)					
Interest	16,000	14,830	23,250	28,030	32,550
Gain on sale of asset	30,000	30,000	30,000	30,000	30,000
Other revenue	-	-	-	-	-
Interest and agent fees	(248,335)	(249,658)	(243,127)	(240,554)	(231,437)
Other expenses	-	-	-	-	-
Transfers in/utility funds/debt	180,600	180,600	200,900	200,900	200,900
Transfers out/capital funds	(14,500)	-	-	-	-
Total Other Sources (Uses)	\$ (36,235)	\$ (24,228)	\$ 11,023	\$ 18,376	\$ 32,013
Net Change	(37,201)	163,437	84,785	44,547	51,278
Fund equity, beginning	3,226,590	3,189,389	3,352,826	3,437,611	3,482,158
Fund equity, ending	\$ 3,189,389	\$ 3,352,826	\$ 3,437,611	\$ 3,482,158	\$ 3,533,436
Cash balance	\$ 741,653	\$ 1,033,217	\$ 1,121,200	\$ 1,183,551	\$ 1,251,734
Months of oper/debt/capital coverage [1]	4.6	6.2	6.6	6.8	7.0
Expense percent change	22.0%	4.1%	3.8%	3.6%	2.2%
Annual average percent change (exp)					7.1%
Inter-fund charges percent change	7.3%	0.0%	0.0%	0.0%	0.0%
Annual avg percent change (chgs)					1.5%
Capital costs	\$ 450,500	\$ 435,500	\$ 450,000	\$ 458,000	\$ 461,000
Debt issued	\$ -	\$ -	\$ -	\$ -	\$ -
Debt payments (principal)	\$ -	\$ 100,000	\$ 245,000	\$ 245,000	\$ 250,000
Debt balance (year end)	\$ 5,615,000	\$ 5,515,000	\$ 5,270,000	\$ 5,025,000	\$ 4,775,000
[1] Excluding maint center expansion proj					

Central Garage Fund	Projected	Projected	Projected	Projected	Projected
Operating Projections	2016	2017	2018	2019	2020
Revenue					
Property taxes (maint center debt)	\$ 208,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Intergovernmental	81,839	79,319	76,403	73,031	69,178
Charges for services	1,131,624	1,165,481	1,200,358	1,236,277	1,273,277
Total Revenue	\$ 1,421,463	\$ 1,444,800	\$ 1,476,761	\$ 1,509,308	\$ 1,542,455
Expense					
Vehicle/equipment operation	581,787	610,292	640,514	672,586	706,640
Service center operation	115,519	120,410	125,540	130,911	136,524
Depreciation	702,000	711,000	729,000	739,000	753,000
Total Expense	\$ 1,399,306	\$ 1,441,702	\$ 1,495,054	\$ 1,542,497	\$ 1,596,164
Operating income (loss)	22,157	3,098	(18,293)	(33,189)	(53,709)
Other Sources (Uses)					
Interest	37,550	44,130	50,590	51,570	53,490
Gain on sale of asset	30,000	30,000	30,000	30,000	30,000
Other revenue	-	-	-	-	-
Interest and agent fees	(226,362)	(214,966)	(207,310)	(193,175)	(183,330)
Other expenses	-	-	-	-	-
Transfers in/utility funds/debt	200,900	200,900	200,900	200,900	200,900
Transfers out/capital funds	(11,000)	-	-	-	-
Total Other Sources (Uses)	\$ 31,088	\$ 60,064	\$ 74,180	\$ 89,295	\$ 101,060
Net Change	53,245	63,162	55,887	56,106	47,351
Fund equity, beginning	3,533,436	3,586,681	3,649,843	3,705,730	3,761,836
Fund equity, ending	\$ 3,586,681	\$ 3,649,843	\$ 3,705,730	\$ 3,761,836	\$ 3,809,187
Cash balance	\$ 1,260,759	\$ 1,264,627	\$ 1,289,194	\$ 1,337,169	\$ 1,342,022
Months of oper/debt/capital coverage [1]	6.9	6.9	7.0	7.0	6.7
Expense percent change	1.2%	3.0%	3.7%	3.2%	3.5%
Annual average percent change (exp)					
Inter-fund charges percent change	2.0%	3.0%	3.0%	3.0%	3.0%
Annual avg percent change (chgs)					
Capital costs	\$ 506,000	\$ 522,300	\$ 507,000	\$ 485,000	\$ 528,000
Debt issued	\$ -	\$ -	\$ -	\$ -	\$ -
Debt payments (principal)	\$ 255,000	\$ 265,000	\$ 270,000	\$ 280,000	\$ 285,000
Debt balance (year end)	\$ 4,520,000	\$ 4,255,000	\$ 3,985,000	\$ 3,705,000	\$ 3,420,000
[1] Excluding maint center expansion pro					

Central Garage Fund	Projected	Projected	Projected	Projected	Projected
Operating Projections	2021	2022	2023	2024	2025
Revenue					
Property taxes (maint center debt)	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Intergovernmental	64,950	60,406	55,522	50,368	44,935
Charges for services	1,324,089	1,376,931	1,431,890	1,489,047	1,548,488
Total Revenue	\$ 1,589,039	\$ 1,637,337	\$ 1,687,412	\$ 1,739,415	\$ 1,793,423
Expense					
Vehicle/equipment operation	742,792	781,187	822,022	865,442	911,655
Service center operation	142,390	148,537	154,985	161,716	168,777
Depreciation	779,000	799,000	807,000	811,000	821,000
Total Expense	\$ 1,664,182	\$ 1,728,724	\$ 1,784,007	\$ 1,838,158	\$ 1,901,432
Operating income (loss)	(75,143)	(91,387)	(96,595)	(98,743)	(108,009)
Other Sources (Uses)					
Interest	53,680	53,230	54,830	57,840	59,350
Gain on sale of asset	30,000	30,000	30,000	30,000	30,000
Other revenue	-	-	-	-	-
Interest and agent fees	(167,359)	(155,587)	(138,033)	(124,675)	(105,494)
Other expenses	-	-	-	-	-
Transfers in/utility funds/debt	200,900	200,900	200,900	200,900	200,900
Transfers out/capital funds	-	-	-	-	-
Total Other Sources (Uses)	\$ 117,221	\$ 128,543	\$ 147,697	\$ 164,065	\$ 184,756
Net Change	42,078	37,156	51,102	65,322	76,747
Fund equity, beginning	3,809,187	3,851,265	3,888,421	3,939,523	4,004,845
Fund equity, ending	\$ 3,851,265	\$ 3,888,421	\$ 3,939,523	\$ 4,004,845	\$ 4,081,592
Cash balance	\$ 1,330,821	\$ 1,370,775	\$ 1,445,954	\$ 1,483,823	\$ 1,513,475
Months of oper/debt/capital coverage [1]	6.7	6.8	7.0	7.0	7.0
Expense percent change	4.3%	3.9%	3.2%	3.0%	3.4%
Annual average percent change (exp)					
Inter-fund charges percent change	4.0%	4.0%	4.0%	4.0%	4.0%
Annual avg percent change (chgs)					
Capital costs	\$ 555,000	\$ 509,000	\$ 485,000	\$ 530,000	\$ 550,000
Debt issued	\$ -	\$ -	\$ -	\$ -	\$ -
Debt payments (principal)	\$ 295,000	\$ 305,000	\$ 315,000	\$ 325,000	\$ 335,000
Debt balance (year end)	\$ 3,125,000	\$ 2,820,000	\$ 2,505,000	\$ 2,180,000	\$ 1,845,000
[1] Excluding maint center expansion proj					

Central Garage Fund	Projected	Projected	Projected	Projected	Projected
Operating Projections	2026	2027	2028	2029	2030
Revenue					
Property taxes (maint center debt)	\$ 200,000	\$ 200,000	\$ 205,000	\$ 205,000	\$ 205,000
Intergovernmental	39,217	33,086	26,469	19,394	11,911
Charges for services	1,610,309	1,674,600	1,741,469	1,811,011	1,774,850
Total Revenue	\$ 1,849,526	\$ 1,907,686	\$ 1,972,938	\$ 2,035,405	\$ 1,991,761
Expense					
Vehicle/equipment operation	960,831	1,013,193	1,068,990	1,128,464	1,191,885
Service center operation	176,181	183,948	192,085	200,626	209,597
Depreciation	820,000	853,000	889,000	893,000	755,000
Total Expense	\$ 1,957,012	\$ 2,050,141	\$ 2,150,075	\$ 2,222,090	\$ 2,156,482
Operating income (loss)	(107,486)	(142,455)	(177,137)	(186,685)	(164,721)
Other Sources (Uses)					
Interest	60,540	61,530	66,990	69,710	75,990
Gain on sale of asset	30,000	30,000	30,000	30,000	30,000
Other revenue	-	-	-	-	-
Interest and agent fees	(89,836)	(67,915)	(49,625)	(25,354)	(4,851)
Other expenses	-	-	-	-	-
Transfers in/utility funds/debt	200,900	200,900	200,900	200,900	133,000
Transfers out/capital funds	-	-	-	-	-
Total Other Sources (Uses)	\$ 201,604	\$ 224,515	\$ 248,265	\$ 275,256	\$ 234,139
Net Change	94,118	82,060	71,128	88,571	69,418
Fund equity, beginning	4,081,592	4,175,710	4,257,770	4,328,898	4,417,469
Fund equity, ending	\$ 4,175,710	\$ 4,257,770	\$ 4,328,898	\$ 4,417,469	\$ 4,486,887
Cash balance	\$ 1,538,217	\$ 1,674,729	\$ 1,742,695	\$ 1,899,854	\$ 1,730,616
Months of oper/debt/capital coverage [1]	7.2	7.3	7.7	8.2	7.4
Expense percent change	2.9%	4.8%	4.9%	3.3%	-3.0%
Annual average percent change (exp)					
Inter-fund charges percent change	4.0%	4.0%	4.0%	4.0%	-2.0%
Annual avg percent change (chgs)					
Capital costs	\$ 561,000	\$ 1,960,000	\$ 537,000	\$ 460,000	\$ 613,000
Debt issued	\$ -	\$ 1,500,000	\$ -	\$ -	\$ -
Debt payments (principal)	\$ 345,000	\$ 355,000	\$ 370,000	\$ 380,000	\$ 395,000
Debt balance (year end)	\$ 1,500,000	\$ 2,645,000	\$ 2,275,000	\$ 1,895,000	\$ 1,500,000
[1] Excluding maint center expansion proj					